

**BUDGET 2009/20010 FINANCIAL YEAR
(EC 2009 05 ;C 2009 05) (5/1/2)**

**REPORT OF THE DEPARTMENT OF THE ACTING CHIEF
FINANCIAL OFFICER (MR. J. BIEWENGA)**

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1.2 INTRODUCTION

PURPOSE OF THIS REPORT

The purpose of this report is to request Council to consider the 2009/2010 (MTREF) medium-term revenue and expenditure framework in terms of section 24(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

INTRODUCTION

The budget submitted to Council today is the financial assertion of the political mandate accorded to the Municipal Manager and his Managers.

Political guidance during the IDP and Budget process ensured that the financial planning process was guided by Government priorities and the spending plans of Greater Tzaneen Municipality.

It is also a requirement of the Act that Municipalities table a balanced budget, based on realistic estimates of Revenue that are consistent with their budgetary resources and experience. The needs of the residents and communities have to be met as far as possible, and it should be achieved within the financial capacity and resource constraints of Greater Tzaneen Municipality.

Unfortunately our main source of income is still the revenue derived from service charges and apart from tariff increases there is no significant expansion in the revenue sources of Council. Greater Tzaneen Municipality will have to urgently consider alternative funding sources in an effort to maximize service delivery.

The 2009/2010 MTREF/Budget also demonstrates Councils endeavours to provide Municipal services to all its residents in a sustainable manner. The success in achieving these objectives can however only be achieved if all consumers of services pay their Municipal accounts.

To ensure long-term sustainable service delivery a sense of conscious saving will have to be adopted and special attention paid to our financial recovery plan and sustained budget control.

Budget control cannot be overemphasized when it comes to financial management. Municipal Officials need to ensure that the relevant departmental budgets do not overspend and that these budgets are spent in accordance with the intention of the Council.

The budget has been drafted according to legislation and we believe that the 2009/2010 budget planning initiatives and the accompanying collective budget process resulted in not only a well balanced budget, but also one which is sustainable, equitable and representative of our communities.

Council must also take cognizance that Section 160 (2)(b) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) determines that the approval of budgets may not be delegated by a Municipal Council. Section 160 (3) (b) determines that all questions concerning the approval of the budget, are determined by a decision taken by a Council with a supporting vote of a majority of its members. In the case of Greater Tzaneen Municipality this means that at least 35 Councillors must vote in favour of the proposed budget.

BACKGROUND

The Greater Tzaneen Municipality covers an extensive geographical area of 3240 km². The area encompasses 5 proclaimed towns, Tzaneen, Nkowankowa, Lenyenye, Letsitele and Haenertsburg and also encompasses 125 rural villages.

A large porportion of the land is in private ownership ranging from small holdings to extensive farms, used mainly for commercial farming activities, equally large areas of land are in the ownership of the state, under the custodianship of traditional authorities.

The draft budget of Greater Tzaneen Municipality was approved by Council on 31 March 2009 after which it was posted on Councils website and made available to the "Public Participation and Project "Support Division" to engage the community in a consultation process.

This process was followed by the community consultation process as required by the MFMA, and the more relevant and appropriate inputs obtained during the process have been included in the final budget.

The draft budget was also submitted to National Treasury, Provincial Treasury and Mopani District Municipality for their inputs. No input were received from them which is an indication that all legal requirements have been met.

DELIBERATIONS

Section 17(1)(a) of the MFMA determines that the budget must be based on a realistically anticipated revenue from each revenue source for the budget year.

This means that the actual revenue received for the 2008/2009 budget year must be used as basis to determine the realistically anticipated revenue. It is also in line with section 18 which determines that the expenditure may only be funded from realistically anticipated revenue to be collected.

The outstanding debtors as at 30 January 2009 was R140 million compared to the R116 million on 30 June 2008. An increase of R24 million in outstanding debtors in seven months or R3,4 million per month. These figures cast doubt whether the current tariffs are in fact realistic.

These figures must also be seen in the light of the fact that as at 30 June 2007 the overdraft on Councils bank account was standing on R21 million, at 30 June 2008 it stood on R12,8 million and at the end of January 2009 on R10 million. This is a positive indicator that should not go unnoticed.

A financial recovery plan was prepared and implemented to address the overdraft that Council has and National Treasury, the Department of Local Government and Housing and the Premier's offices were all involved in discussions in seeking a solution to the problem. Of critical importance was the input of National Treasury that the 2009/2010 budget should not increase until the overdraft has been cleared. The 2008/2009 actual should be the basis on which the 2009/2010 budget be based.

The 2009/2010 budget was drafted accordingly with the following exceptions:

SALARY INCREASE

A 12,5% salary increase on the current salary scales has been provided for Officials and Councillors.

BAD DEBTS

A 10% increase in provision for bad debts has provided on the 2009/2010 budget.

DWAF TRANSFER

A provision of R33 million has been made on the budget for the transfer of the water service to Greater Tzaneen Municipality. The transfer agreement provides that Greater Tzaneen Municipality will be paid a grant equal to 100% of the operational needs in the first year.

ELECTRICITY

Provision has been made for an increase in bulk purchases of 34%. No confirmation has been received in this regard but a circular from National Treasury indicates that an increase of at least 34% must be provided for.

DRIVING LICENCE STATION

Provision has been made for another drivers license station to be established.

WAIVERS

An amount of R4,5 million has been provided on the budget to accommodate expenses regarding waivers who were called back by the department.

2010 PROJECT

In order to get maximum benefit from the 2010 World Soccer Competition an amount of R2,6 million was provided on the budget.

2008/2009 OPERATING INCOME AND EXPENDITURE

Before the 2009/2010 budget is discussed Council needs to be informed of the current year's budget and achievements to determine to what extent Greater Tzaneen Municipality has met its objectives.

Projected Income and Expenditure for the 2008/2009 financial year.

Table 1

SCHEDULE 1 REVENUE BY SOURCE	Preceding Year 2007 2008	Current Year 2008 2009		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D
<u>Operating Revenue by Source</u>				
Property rates	28,973	45,133	45,133	40,133
Property rates - penalties imposed and collection charges	1,390	1,500	1,500	1,617
Service charges - electricity revenue from tariff billings	132,014	174,332	174,332	182,378
Service charges - water revenue from tariff billings	14,501	17,146	17,146	17,146
Service charges - sanitation revenue from tariff billings	4,326	5,369	5,369	4,892
Service charges - refuse removal from tariff billings	11,284	14,000	14,000	14,006
Service charges - other	8,173	6,866	6,866	15,906
Regional Service Levies - turnover				
Regional Service Levies - remuneration				
Rental of facilities and equipment	455	421	421	426
Interest earned - external investments	1,954	2,700	2,700	0
Interest earned - outstanding debtors	4,699	5,500	5,500	6,040
Dividends received	-	-	-	-
Fines	1,069	1,673	1,673	671
Licenses and permits	384	223	223	292
Income for agency services	26,839	26,195	26,195	27,505
Government grants & subsidies	94,389	128,343	128,343	128,343
Other revenue	2,452	738	738	1,149
Public contributions & donated or contributed PPE	-	-	-	-
Gain on disposal of property plant and equipment	2,471	1,500	1,500	0
Income foregone		(7,558)	(7,558)	(7,558)
Total Revenue By Source	335,373	424,081	424,081	432,946

SCHEDULE 2(a) OPERATING EXPENDITURE BY GFS	Preceding Year 2007/08	Current Year 2008/09		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D
Executive & Council	15,288	18,302	18,302	18,252
Finance & Admin	59,567	59,639	59,639	57,265
Planning & Development	8,431	10,944	10,944	12,250
Health	2,470	3,524	3,524	4,152
Community & Social Services	2,199	2,739	2,739	2,732
Housing	5,740	8,315	8,315	6,307
Public Safety	10,501	11,986	11,986	12,226
Sport and Recreation	8,394	11,224	11,224	10,222
Environmental Protection				
Waste Management	7,923	10,622	10,622	5,713
Waste Water Management	22,495	24,110	24,110	23,248
Road Transport	54,956	66,354	66,354	70,858
Water	23,769	22,224	22,224	18,415
Electricity	107,552	142,504	142,504	146,219
OPERATING EXPENDITURE BY VOTE	329,285	392,487	392,487	387,859

It must be noted that this is only a projection and that the figures may differ from the actual Income and Expenditure as at 30 June 2009.

2008/2009 CAPITAL BUDGET

The table below gives a brief analysis of capital expenditure for the 2008/2009 financial year. This analysis examines the amounts spent compared to the budget. The figures below represent the budget and forecast to 30 June 2009 and the actual figures as at 30 June 2009 may differ from these amounts.

Table 2

2007/2008 Capital Budget and forecast.

SCHEDULE 3(a) CAPITAL EXPENDITURE BY GFS	Preceding Year 2007/08	Current Year 2008/09		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D
Executive & Council				
Finance & Admin	56			
Planning & Development				
Health				
Community & Social Services				
Housing				
Public Safety				
Sport and Recreation	2,432			
Environmental Protection				
Waste Management	7,834	8,000	8,000	8,000
Waste Water Management				
Road Transport	6,217	48,604	48,604	23,604
Water	60			
Electricity	2,807	11,601	11,601	11,301
CAPITAL EXPENDITURE BY VOTE	19,406	68,205	68,205	42,905

REVIEW OF PAST PERFORMANCES BY DEPARTMENT

Some of the more significant activities and achievements of each department for the 2008/2009 financial year are summarized in the executive summary under item 4.1 of this report.

2009/2010 OPERATING BUDGET

The 2009/2010 budget which is submitted to Council for approval can be summarized as follows:

Revenue by source

Inc/Exp	Item	2008	2009	6 Months to December	Sum of 2009 2010 BUDGET2 2	2010 2011 Budget	2011 2012 Budget
1-Inc	001PROPERTY RATES	-45,132,994		-37,093,016	-51,760,175	-54,348,184	-57,065,593
	003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-1,500,000		-808,671	-1,500,000	-1,575,000	-1,653,750
	005SERVICE CHARGES	-217,713,620		-117,227,478	-263,210,804	-276,371,344	-290,189,911
	009RENT OF FACILITIES AND EQUIPMENT	-421,324		-213,018	-458,914	-481,860	-505,953
	011INTEREST EARNED - EXTERNAL INVESTMENTS	-2,700,000		63,761	-1,650,000	-1,732,500	-1,819,125
	012INTEREST EARNED - OUTSTANDING DEBTORS	-5,500,000		-3,019,918	-6,000,000	-6,300,000	-6,615,000
	016FINES	-1,672,907		-335,626	-730,707	-767,242	-805,604
	018LICENSES & PERMITS	-222,500		-145,765	-226,375	-237,694	-249,578
	020INCOME FROM AGENCY SERVICES	-26,194,740		-13,752,470	-32,743,425	-34,380,596	-36,099,626
	022OPERATING GRANTS & SUBSIDIES	-128,342,609		-64,963,767	-226,487,609	-234,776,189	-246,514,998
	024OTHER REVENUE	-738,468		-574,694	-1,075,185	-1,128,944	-1,185,391
	026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-1,500,000		0	-1,500,000	-1,575,000	-1,653,750
	031INCOME FOREGONE	7,558,095		54,220,673	7,784,838	8,174,080	8,582,784
1-Inc Total		-424,081,067		-183,849,990	-579,558,356	-605,500,473	-635,775,496
Grand Total		-424,081,067		-183,849,990	-579,558,356	-605,500,473	-635,775,496

Operating Expenditure by Vote/Department.

Department	Inc/Exp	2008	2009	6 Months to December	2009 2010 BUDGET2	2010 2011 Budget	2011 2012 Budget
01-Municipal Manager	2-Exp	5,375,621		2,431,211	5,345,334	5,612,601	5,893,231
02-Planning & Economic Development	2-Exp	12,638,669		6,122,642	20,508,224	21,533,635	22,610,316
03-Financial Services	2-Exp	34,310,428		12,647,576	40,027,348	41,797,880	43,887,774
04-Corporate Services	2-Exp	36,806,960		17,746,237	40,325,145	42,341,403	44,458,473
05-Engineering Services	2-Exp	81,902,770		38,505,113	115,332,845	121,099,487	127,154,461
06-Community Services	2-Exp	44,227,839		21,199,774	53,135,701	55,792,486	58,582,110
07-Electrical Engineering Services	2-Exp	142,504,019		65,762,701	180,481,101	189,505,156	198,980,413
08-Transport,safety& Security	2-Exp	34,721,234		17,052,468	40,241,268	42,253,332	44,365,998
Grand Total		392,487,540		181,467,721	495,396,966	519,935,978	545,932,777

The table below shows the 2009/2010 draft budget as well as the budgets for the two projected consecutive years 2010/2011 and 2011/2012 on item level.

The budget is not approved on item level but on departmental level as shown above. This table is submitted to give Council an indication of the spending on items level.

Inc/Exp	Item	2008 2009	6 Months to December	2009 2010 BUDGET2	2010 2011 Budget	2011 2012 Budget
1-Inc	001PROPERTY RATES	-45,132,994	-37,093,016	-51,760,175	-54,348,184	-57,065,593
	003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-1,500,000	-808,671	-1,500,000	-1,575,000	-1,653,750
	005SERVICE CHARGES	-217,713,620	-117,227,478	-263,210,804	-276,371,344	-290,189,911
	009RENT OF FACILITIES AND EQUIPMENT	-421,324	-213,018	-458,914	-481,860	-505,953
	011INTEREST EARNED - EXTERNAL INVESTMENTS	-2,700,000	63,761	-1,650,000	-1,732,500	-1,819,125
	012INTEREST EARNED - OUTSTANDING DEBTORS	-5,500,000	-3,019,918	-6,000,000	-6,300,000	-6,615,000
	016FINES	-1,672,907	-335,626	-730,707	-767,242	-805,604
	018LICENSES & PERMITS	-222,500	-145,765	-226,375	-237,694	-249,578
	020INCOME FROM AGENCY SERVICES	-26,194,740	-13,752,470	-32,743,425	-34,380,596	-36,099,626
	022OPERATING GRANTS & SUBSIDIES	-128,342,609	-64,963,767	-226,487,609	-234,776,189	-246,514,998
	024OTHER REVENUE	-738,468	-574,694	-1,075,185	-1,128,944	-1,185,391
	026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-1,500,000	0	-1,500,000	-1,575,000	-1,653,750
	031INCOME FOREGONE	7,558,095	54,220,673	7,784,838	8,174,080	8,582,784
1-Inc Total		-424,081,067	-183,849,990	-579,558,356	-605,500,473	-635,775,496
2-Exp	051EMPLOYEE RELATED COSTS - WAGES & SALARIES	108,079,039	52,537,189	120,095,084	125,869,002	132,162,452
	053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	22,626,624	9,158,870	21,443,720	22,515,906	23,641,701
	055EMPLOYEE COSTS CAPITALIZED	-4,003,346	0	-5,583,014	-5,862,165	-6,155,273
	056EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING ITEMS	-61,345,042	-26,142,436	-66,418,216	-69,739,127	-73,226,083
	058REMUNERATIONS OF COUNCILLORS	13,680,169	6,604,307	15,380,429	16,149,450	16,956,923
	060BAD DEBTS	10,229,557	0	11,252,513	11,815,139	12,405,896
	062COLLECTION COSTS	100,000	-42,986	100,000	105,000	110,250
	063INVENTORY SURPLUS/LOSS	0	0	0	0	0
	064DEPRECIATION	26,158,592	13,079,296	22,778,407	23,917,327	25,113,194
	066REPAIRS AND MAINTENANCE	86,502,157	40,549,166	93,586,918	98,266,264	103,179,578
	068INTEREST EXPENSE - EXTERNAL BORROWINGS	12,367,941	3,883,010	14,341,706	15,058,791	15,811,731
	072BULK PURCHASES	101,913,983	43,610,033	136,663,320	143,496,486	150,671,310
	074CONTRACTED SERVICES	20,498,772	8,669,840	57,694,293	60,579,008	63,607,958
	076GRANTS & SUBSIDIES PAID	3,520,885	3,694,501	10,086,125	10,590,431	11,119,953
	078GENERAL EXPENSES - OTHER	52,158,209	25,866,932	63,975,680	67,174,464	70,533,187
2-Exp Total		392,487,540	181,467,721	495,396,966	519,935,978	545,932,777
3-Abc	043INTERNAL RECOVERIES	-38,863,542	-19,914,264	-51,603,338	-54,183,505	-56,892,680
	087INTERNAL CHARGES	38,863,542	20,695,184	51,603,338	54,183,505	56,892,680
3-Abc Total		0	780,921	0	0	0
4-Cap	600INFRASTRUCTURE	68,204,800	13,996,517	63,704,450	66,889,673	70,234,156
	608OTHER ASSETS	0	0	1,000,000	1,050,000	1,102,500
	608OTHER ASSETS Total	0	0	1,000,000	1,050,000	1,102,500
	610SPECIALISED VEHICLES	0	0	10,000,000	8,000,000	8,000,000
4-Cap Total		68,204,800	13,996,517	74,704,450	75,939,673	79,336,656
5-App	089CASH REQUIREMENTS	4,000,000	0	17,000,000	17,850,000	18,742,500
	094CONTRIBUTIONS FROM OPERATING TO CAPITAL	9,432,000	0	10,000,000	10,500,000	11,025,000

	095TRANSFERS FROM / (TO) RESERVES	-35,602,916	-13,085,458	-17,543,060	-18,420,213	-19,341,224
5-App Total		-22,170,916	-13,085,458	9,456,940	9,929,787	10,426,276
Grand Total		14,440,357	-690,290	0	304,964	-79,787

SIGNIFICANT ITEMS

INCOME ITEMS

It is clear from the above mentioned table that the most significant income item is the service charges which represents 45.4% of the total income. It is also important to note that the amount budgeted for grants and subsidies represents 39% of the total budget and increased from R128 million to R226 million in the 2009/2010 financial year.

Service Charges

Service charges represents 45.4% of the total income and is made up as follows:

<u>Service</u>	<u>2009/2010 Budget</u>
Electricity charges	R220 million
Water charges	R 19 million
Sewer charges	R 6 million
Refuse Removal charges	R 15 million
Other	<u>R 3 million</u>
Total Service Charges	<u>R263 million</u>

These amounts will be levied through the monthly municipal accounts and every endeavour will be made to ensure that the money levied is recovered.

The allocation to operating grants and subsidies is also significant and amounts to R226 million. This allocation is however determined through the Division of Revenue Act (DORA) and cannot be manipulated. The R226 million is made up as follows:

Free Basic Water	R 10 million
Equitable Share	R 121 million
Electrification Grant	R 21 million
Finance Management Grant	R0.75 million
MIG	R 34 million
Water	R 33 million
MSIG	R0.4 million

Neighbourhood Dep

R 5 million

EXPENDITURE ITEMS

On the expenditure side the most significant items are salaries (31.6%), bulk purchases (27.6%) and repairs and maintenance representing (18.9%) of the total expenditure budget.

CONCLUSION

Although Greater Tzaneen Municipality faces many challenges, financial and non financial, we believe that through proper planning, fiscal discipline and the continued execution of sound financial management we will be able to build a prosperous municipality for all our residents.

Council should however guard against unrealistic demands and honour the high standards expected from a “high capacity” Municipality in the National Treasury Programme.

Although the Greater Tzaneen Municipality has not yet attained its goal, the Acting Chief Financial Officer is confident that this budget is a well balanced budget and will continue to lay a solid foundation for the integration and upliftment of our communities.

The old warning that the 2009/2010 expenditure budget is solely dependent on the cash derived from the consumers is again repeated. The promotion of payment of accounts in all our towns is highly recommended and should receive special attention during the 2009/2010 financial year.

THANKS

A sincere word of thanks to every official for the many hours of hard work and especially the innovative thinking that went into this budget. I also want to thank our Councillors for the support that they have shown in all the community participation meetings and in various other ways that resulted in the compilation of this budget. A special word of thanks goes out to the Mayor for his invaluable inputs and contributions during this process. It was a daunting but rewarding task and I hope that our endeavour meets the

expectations of our communities and enables us to discharge our constitutional mandate.

2. BUDGET SPEECH BY ALDERMAN O.J. MUSHWANA

The budget speech of the Mayor will be distributed under separate cover

3. BUDGET RELATED RESOLUTIONS

RECOMMENDATION

- (a) That the draft budget of Greater Tzaneen Municipality for the financial year 2009/2010 and the indicative revenue and projected expenditure for the two subsequent years 2010/2011 and 2011/2012 be approved as contained in the following schedules:
- (a.1) Operating Revenue by source reflected in **Schedule 1.**
- (a.2) Operating Expenditure by vote reflected in **Schedule 2.**
- (a.3) Operating Expenditure by GFS classification reflected in **Schedule 2(a).**
- (a.4) Capital Expenditure by vote reflected in **Schedule 3.**
- (a.5) Capital Expenditure by GFS reflected in **Schedule 3(a)**
- (a.6) Capital funding by source reflected in **Schedule 4.**
- (b) That Council takes cognizance that the increase in tariffs on the previous year tariffs are within the guideline set by National Treasury.
- (c) That the budget for water, sewer and environmental health drafted by the Acting Chief Financial Officer of Greater Tzaneen Municipality be submitted to Mopani District Municipality for consideration, approval and submission to National Treasury.
- (d) That the allocation from sources other than conditional grants for capital projects for the 2009/2010 financial year be approved as follows:

Loans	R75 000 000
Own Sources	<u>R20 900 000</u>
TOTAL	R95 900 000

- (e) That the expenditure on the public entertainment and subsistence and travel votes be limited to the budgeted amounts and that no overspending on these votes be

allowed without the prior approval of the Municipal Manager and the Chief Financial Officer.

- (f) That no overspending be allowed on the entertainment votes without the prior approval of the Municipal Manager.
- (g) That the Municipal Manager finalizes the service level agreement of the Environmental Health Service with MDM as a matter of urgency.
- (h) That the monthly accounts of poor households (indigent) that qualify for free basic services be approved at R30,00 per month plus water consumption above 12 kilolitre per month.
- (i) That the measurable performance objectives for revenue for each source and for each vote as per **Item 5.9** be approved.
- (j) CAPITAL BUDGET

- I That the capital budgets from own sources and loans as set out in **Schedule 3** and **4** be approved as follows:

2009/2010 Financial year	R95 900 000
2010/2011 Financial year	R21 000 000
2011/2012 Financial year	R40 000 000

- II That an amount of R25 829 000 be approved from Grants.
- III That the amount of R75 000 000 be approved from loans.
- IV That the Municipal Manager finalizes the transfer of all assets which are still in the name of the previous homeland Governments to Greater Tzaneen Municipality.
- V That Council take cognizance of the R34 711 000 (2009/2010) MIG allocation as shown in the table below.

2008/2009 MIG BUDGET

R34 711 000.00

PROJECT NAME	AMOUNT
Hweetji Access Road phase 2	R4 550 000.00
Rural Waste Removal Phase 3	R12 163 643.67
Pharare Access Road	R2 442 001.00
Gabaza Access road	R2 779 584.00
Makhefora Access Road	R3 037 200.00
Ramotshinyadi Internal Street phase 1	R4 846 565.00
Marironi Access Road phase 2	R3 156 456.33
PMU Management	R1 735 550.00

VI TRANSPORT BUDGET

- I That the transport budget as per **Annexure” H“** and tariffs applicable for each vehicle be approved.
- II That all vehicles be rationalized to the needs of the different departments to ensure optimal and cost effective fleet management to all departments.
- III That all departments adhere to the requirements of utilization and costing set out in the vehicle fleet policy.

(k) PERSONNEL

That the personnel budget for Tzaneen be approved.
Annexure “ G“.

(l) INTEREST ON ARREARS OTHER THAN FOR RATES

That the interest rate in terms of the Local Government, Municipal Systems Act 32 of 2000 be determined the same as the current rate namely 18%.

(m) INTEREST ON AREAR RATES

That the interest rate of prime rate plus 1% as promulgated in Government Gazette no. 28113 of 13 October 2005 be approved and that the prime rate of ABSA Bank where Greater Tzaneen Municipality primary bank account is held be applicable.

- (n) That R208 168 be made available to the Mayor for the 2009/2010 financial year, allocated as follows:

I R50 968 Special account which must be subjected to Audit.

II R157 200 For Bursaries

- (o) SOLID WASTE: TARIFFS

That the following tariffs for solid waste be approved.

		CURRENT	PROPOSED
1.	Residential per service per month	R70.39	R74.21
2.	Business per service per month	R234.63	R247.35
3.	The removal of animal carcasses per removal	R88.00	R95.00
4.	Departmental charge per service per month	R234.63	R247.35
5.	Industrial service per month	R187.70	197.88
6.	Removal and destruction of condemned foodstuffs per load of one ton or part thereof	R410.00	R470.00
7.	Bulky Waste		
	I The removal of compactable bulky waste per 6m ³ skip per removal	R310.00	R350.00
	II The removal of non compactable bulky waste per 6m ³ skip per removal	R580.00	R650.00
8.	Private dumping at landfill/transfer/public off-loading sites.		
	I Per light delivery van or trailer load not exceeding one ton	R88.00	R95.00
	II Per lorry load not exceeding three ton but exceeding one ton	R220.00	R240.00

	III Per lorry load not exceeding six ton but exceeding three ton	R660.00	R720.00
	IV Per lorry load not exceeding ten ton but exceeding six ton	R990.00	R1 090.00
	V Per lorry load exceeding ten ton	R1 650.00	R1 810.00
9.	Incineration of bio-hazardous waste <ul style="list-style-type: none"> • 5 – 8 x lit sharps • 5 x lit human tissue • 10 x lit sharps • 10 x lit human tissue • 20 x lit sharps • 20 x lit human tissue • 85 x lit H.C.W. in liner • 140 x lit box + liner • 50 x lit box + liner • 140 x lit liners 	R78.00 R98.00 R130.00 R170.00 R230.00 R290.00 R90.00 R220.00 R110.00 R12.00	R85.00 R150.00 R140.00 R190.00 R240.00 R290.00 R100.00 R240.00 R120.00 R13.00

(p) **WATER SUPPLY: TARIFFS**

That the following tariffs for water supply be approved.

Tariffs Basic Charges

	CURRENT	PROPOSED
Domestic (AA)	R19.00	R20.03
Business (BA)	R30.00	R31.62
Industrial (CA)	R30.00	R31.62
State (EA)	R51.00	R53.75
Dept (FA)	R19.00	R20.03
Transnet (HA)	R51.00	R53.75
Flats	R31.00	R32.67
Education	R24.00	R25.30

Tariffs for Consumption

		CURRENT	PROPOSED
i	DOMESTIC (AA)		
	0 – 6 kl	R0.50 per kl	R0.51 per kl
	7 – 10 kl	R1.35 per kl	R1.40 per kl
	11 – 25 kl	R2.35 per kl	R2.48 per kl
	26 – 35 kl	R3.16 per kl	R3.33 per kl
	36 – 100 kl	R3.55 per kl	R3.75 per kl
	101 kl and more	R6.63 per kl	R6.99 per kl
ii	BUSINESS (BA)		
	0 – 50 kl	R1.69 per kl	R1.78 per kl
	51 – 100 kl	R2.82 per kl	R2.97 per kl
	101 and more	R3.39 per kl	R3.57 per kl
iii	INDUSTRIAL (CA)		
	0 – 50 kl	R1.69 per kl	R1.78 per kl
	51 – 100 kl	R2.82 per kl	R2.97 per kl
	101 and more	R3.39 per kl	R3.57 per kl
iv	STATE (EA)		
	0 – 50 kl	R4.44 per kl	R4.68 per kl
	51 – 250 kl	R3.65 per kl	R3.85 per kl
	251 and more	R2.61 per kl	R2.75 per kl
v	DEPT (FA)		
	0 – 6 kl	R0.50 per kl	R0.53 per kl
	7 – 10 kl	R1.35 per kl	R1.42 per kl
	11 – 25 kl	R2.37 per kl	R2.49 per kl
	26 – 35 kl	R2.83 per kl	R2.99 per kl
	36 – 100 kl	R3.55 per kl	R3.75 per kl
	101 kl and more	R6.63 per kl	R6.99 per kl
vi	TRANSNET (HA)		
	0 – 50 kl	R4.44 per kl	R4.68 per kl
	51 – 250 kl	R3.65 per kl	R3.85 per kl
	251kl and more	R2.61 per kl	R2.75 per kl
vii	FLATS		
	0 – 75 kl	R0.50 per kl	R0.53 per kl
	76 – 120 kl	R2.64 per kl	R2.78 per kl
	121 – 200 kl	R2.79 per kl	R2.94 per kl
	201 – 250 kl	R2.92 per kl	R3.08 per kl
	251 – 370 kl	R3.06 per kl	R3.23 per kl
	371kl and more	R3.34 per kl	R3.52 per kl
viii	EDUCATION		
	0 – 50 kl	R1.92 per kl	R2.03 per kl
	51 – 200 kl	R1.57 per kl	R1.66 per kl
	201 – 400 kl	R1.13 per kl	R1.19 per kl
	401 kl and more	R2.26 per kl	R2.38 per kl

(r) SEWERAGE: TARIFFS

That the following tariffs for sewer services be approved:

	CURRENT	PROPOSED
Charge per m ² (Basic Charge)	R0.19/year	R0.20/year
CHARGE PER KL WATER USAGE/MONTH		
Domestic (AA)	R0.46/kl	R0.485/kl
Business (BA)	R0.77/kl	R0.81/kl
Hotel (BB)	R0.64/kl	R0.68/kl
Guest Houses	R0.64/kl	R0.68/kl
Industrial (CA)	R0.77/kl	R0.81/kl
Flats (IA)	R0.46/kl	R0.49/kl
State (EA)	R0.59/kl	R0.62/kl
Education	R0.26/kl	R0.27/kl
Incentives	R0.26/kl	R0.27/kl

(s) GENERAL RATES AND REBATE

PROPERTY RATES TARIFFS

RATES TARIFFS	CENT IN THE RAND	
Categories of properties in terms of the policy	CURRENT	PROPOSED
Agricultural Properties		
Tariff on market value	0.80c	0.843c
Business and Commercial Properties		
Tariff on market value	0.80c	0.843c
Cemeteries and Crematoriums Properties		
Tariff on market value	0.00c	0.00c
Industrial Properties		
Tariff on market value	0.80c	0.843c
Institutional Properties		
Tariff on market value	0.80c	0.843c
Multi-Purpose Properties		
Tariff on market value	0.80c	0.843c

Municipal Properties		
Tariff on market value	0.00c	0.000c
Privately Owned Vacant Land		
Tariff on market value	0.80c	0.843c
Public Benefit Organisation Properties		
Tariff on market value	0.00c	0.000c
Public Infrastructure Properties		
Tariff on market value	0.80c	0.843c
Properties for Religious Use		
Tariff on market value	0.00c	0.000c
Residential Properties		
Tariff on market value	0.80c	0.843c
Special Properties		
Tariff on market value	0.80c	0.843c
State-Owned Properties		
Tariff on market value	0.80c	0.843c

That the same exemptions, reductions and rebates as the previous year be granted in terms of the Approved Property Rates Policy of Council.

That the rates be paid in a single amount before 31 August or in twelve (12) equal monthly installments.

That the interest rate on overdue amount on property rates be charged at prime rate plus one (1%) percent in terms of the Municipal Property Rates Act, 2004.

(t) **ELECTRICITY TARIFFS**

That the following electricity tariffs be approved

TARIFF A

- This tariff is available for single phase 230V up to a maximum of 30 Amp circuit breaker capacity
- This tariff will suit low consumption customers, typically less than approximately 500 units.

The following will be payable:

- A.1. A consumption charge, per kWh consumed
75,54c
(Current 47,01c)

- A.2. The Municipality is currently busy with a pilot project for prepaid metering and the kWh rates applicable will be equal to that of Eskom Home light 1.

Regarding a 60A pre-paid supply, this will be subject to the following conditions:

1. Sufficient network capacity
2. Maximum 60A, single phase
3. Relevant Eskom home light 1 kWh tariff
4. Prior payment of the relevant connection cost as per the Eskom home light 1 tariff.

This tariff will therefore not be available as a standard tariff but only in the pilot areas at the discretion of the Municipality.

TARIFF B

- This tariff is available for single phase 230V (Capacity not exceeding 16 kVA) and three phase 400V (Capacity not exceeding 75 kVA)
- This tariff will suit medium to high consumption customers.

The following charges will be payable:

- B.1. A fixed charge, whether electricity is consumed or not, per point of supply:

The following size circuit breakers will be available:

		AGRIC/DOMEST	BUSINESS
16 kVA Single phase	70 Amp	R179.55	R492.75
25 kVA Three phase	45 Amp	R357.75	R626.40
50 kVA Three phase	80 Amp	R537.30	R984.15
75 kVA Three phase	100 Amp	R715.50	R1 074.60

NOTE 1: The capacity of a supply shall be the capacity as determined by the Engineer

PLUS

B.2.1 A consumption charge, per kWh consumed
(Business) 42,06c
(Old tariff 26.31c)

B.2.2 A consumption charge, per kWh consumed
(Agric/Domestic) Three phase 42,06c
(Old tariff 26.31c)

B.2.3 A consumption charge, per kWh consumed
(Agric/Domestic) Single phase 46,23c
(Old tariff 29,26c)

PLUS

B.3.1 On Three phase connections, an additional charge per kWh for every unit consumed above 3000 units.
1,26c
(Old tariff 3.76c)

OR

B.3.2 On single phase connections, an additional charge per kWh for every unit consumed above 1500 units.
1,39c
(Old tariff 3,76c)

TARIFF C

- This tariff is available for three phase supplies at the available standard voltage with a minimum capacity of 100 kVA
- This tariff will suit high consumption customers

C.1 A fixed charge, whether electricity is consumed or not, per month, per point of supply:

C.1.1 If the demand meter is switched on all the time
R448, 20
(Old basic R280)

C.1.2 If the demand meter is switched off from 20:00 to 06:00 on weekdays, from 20:00 on Fridays to 06:00 on Mondays and Public Holidays as

defined in the GTM tariff schedule.

R626, 39

(Old basic R392)

- C.2** A demand charge, per kVA registered, per month, per point of supply for **Agriculture and Domestic** *(Old tariff R47,59)*

R76, 06

- C.3** A demand charge, per kVA registered, per month, per point of supply for **Business** *(Old Tariff R55, 12)*

R88, 09

- C.4** A Consumption charge, per kWh consumed:

	<u>Old Tariff A/D</u>	<u>Old Tariff B</u>	Agri/Dom/Bus
Normal (C1.1)	21c	21c	42,06c
Low Rate	16c	16c	32,02c

- C.5** A discount according to the voltage at which the electricity is supplied:

C.5.1 If the electricity is supplied at three phase/400V
0%

C.5.2 If the electricity is supplied at a higher voltage but not exceeding 11 kV:
3%

C.5.3 If the electricity is supplied at a higher voltage than 11 kV (if available) but not exceeding 33 kV
5%

TARIFF D

This tariff is available for three phase bulk supplies at any voltage and with a minimum capacity of *(Old value 100 kVA)*
100 kVA

- This tariff will suit mostly large load customers who can shift load out of the GTM Peak hour periods.

The following charges will be payable:

D.1 A fixed charge, whether electricity is consumed or not, per month, per point of supply: **R1 343.25**

D.2 A demand charge, per kVA registered, per month, per point of supply:

D.2.1 If the demand is registered during the months of June, July or August: *(Old tariff R23,80)*
R38.03

D.2.2 If the demand is registered during the months of September to May: *(Old tariff R23,80)*
R38.03

NOTE: Demand registered during Off-peak Hours will not be taken into account when calculating the demand charge payable

D.3 A consumption charge, per kWh consumed:

D.3.1 If the kWh has been consumed during the months of June, July or August:

D.3.1.1 During Peak Hours **R1,59**
(Old tariff 99,20c)

D.3.1.2 During Standard Hours **45,75c**
(Old tariff 28,63c)

D.3.1.3 During Off-Peak Hours **29,47c**
(Old tariff 18,44c)

D.3.2 If the kWh has been consumed during the months of September to May:

D.3.2.1 During Peak Hours **52.01c**
(Old tariff 32,55c)

D.3.2.2 During Standard Hours **34,42c**
(Old tariff 21,54c)

D.3.2.3 During Off-Peak Hours **24,74c**
(Old tariff 15,48c)

NOTE 1: *For the purpose of this tariff Peak Hours will be from 07:00 to 10:00 and 18:00 to 20:00 on weekdays.*

Standard Hours will be from 06:00 to 07:00, 10:00 to 18:00 and 20:00 to 22:00 on weekdays and from 07:00 to 12:00 and 18:00 to 20:00 on Saturdays.

Off-Peak Hours will be from 22:00 to 06:00 on weekdays, 12:00 to 18:00 and 20:00 to 07:00 on Saturdays and all of Sundays.

A Public Holiday falling on a weekday will be treated similar to the Eskom Mega flex Tariff schedule.

Times to be such as to relate to GTM peaks/load curve.

D.4 A discount according to the voltage at which the electricity is supplied.

D.4.1 If the electricity is supplied at three phase / 400V : **0%**

D.4.2 If the electricity is supplied at a higher voltage than 400V but not exceeding 11 kV: **3%**

D.4.3 If the electricity is supplied at a higher voltage than 11kV (if available) But not exceeding 33 kV **5%**

D.5 Conversion Surcharge

In line with the Eskom tariffs, existing customers converting to TOU, where an impact study shows a financial saving due to the conversion will be subject to a conversion surcharge. The surcharge will reduce by 18% after 12 months, down to 0% after 5 years.

The surcharge will be as follows:

1 – 12 Months	13-24	25-36	37-48	49-60
90%	72%	54%	36%	18%

A similar study will be done for existing customers that converted to the TOU tariff during 2004, based on

their 2003 consumption pattern, and a surcharged levied in line with the time since they converted. For example a customer that converted in February 2004, will as from the 1st of August 2005 be subjected to a surcharged of 72% of the calculated saving until February 2006, when the surcharge will be reduce to 54%.

- (u) That Council re-implement the 10 and 5 year (Refurbishment / Rebuilding) electricity programme approved in 2002.
- (v) Credit Control
 - i) That Council's adopted Credit Control Policy be strictly adhered to, to curb outstanding debt.
 - ii) That a monthly report be submitted to Council regarding Councillor arrears on consumer accounts.

SUNDRY TARIFFS 2009/2010

ELECTRICITY

That in terms of the provisions of section 11(3) of the Local Government Municipal Systems Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice No. 19 of 1988 and promulgated in Provincial Gazette no 4565 dated 1 June 1988 with effect from 1 July 2009 by the substitution for part (iii) of the tariff of charges of the following:

By the substitution for clause 2 (1) of the following:

RECONNECTIONS (When reconnections are done by the Electricians of Council)

Where premises are disconnected owing to non-payment of account or for non-compliance with any of the Councils By-Laws, or at the consumer's request, and then reconnected, the following charges shall be payable.

	<u>Working Hours</u>	<u>After Hours</u>
Up to 50 km	R600.00	R870.00
Over 50 km	R1 100.00	R1 440.00

RECONNECTIONS (When reconnections are done by the Meter Readers)

Where premises are disconnected owing to non-payment of account or for non-compliance with any of the Council's By-Laws, or at the consumer's request, and then reconnected, the following charges shall be payable.

		<u>CURRENT</u>	<u>PROPOSED</u>
I	Within the Tzaneen Town	R428.00	R773.00
II	Outside the Tzaneen Town	R795.00	R1 350.00

EVENTS

Due to high cost of maintenance and vandalism that is taking place, the following tariffs are recommended:

	<u>SECURITY DEPOSIT</u>	<u>TARIFFS</u>
Major Soccer game	R5 000	R5 000
Sport bodies at club level:Stadium	R500	R500
Sport bodies at inter-district level	R1 000	R1 000
Disco: Community Hall	R1 000	R500
Film Show: Community Hall	R1 000	R500
Fashion Show: Community Hall	R1 000	R500
Political Rally: Community Hall	R1 000	R500
Traditional dance: Community Hall	R1 000	R500
Athletics (Adults)	R1 000	R500
Athletics (Schools)	R1 000	R500
Music Competition: Community Hall	R1 000	R500
Charitable Organisation (minimum 5 hours)	R400	R20/hour
Wedding Ceremony: Community Hall	R500	R500
Funeral Service: Community Hall	R500	R400
Church activities: Community Hall (minimum 5 hours)	R500	R50/hour
Sporting codes: Tennis, Netball etc	R500	R400
Meeting at Nkowankowa Community Hall		R50/hour

That 20% gate takings in respect of all events for which gate takings are collected be levied.

It is also recommended that Nkowankowa stadium be strictly used for sport.

WATER CONNECTIONS - 19MM

That in terms of the provisions of section 11 (3) of the Local Government Municipal System Act 2 000, the Council by resolution amends the charges payable for the supply of water contained in Municipal Notice 36 dated 22 September 1982 and published in official Gazette no. 4226 date 22 September 1982, with effect from 1 July 2009 by the substitution for item 3 of the following:

Miscellaneous Charges

- 1(a) For each separate 19 mm new water connection:
R1 850 Vat included
(Old Tariff + VAT = R 1 760-00)
- 1(b) For each new 50 mm water connection
R6 500 VAT included
(Old Tariff + VAT = R6 380-00)
- 1(c) For each new water connection bigger than 50 mm
Actual cost plus VAT plus 10%
- 1 (d) For each water re-connection:
R650 VAT included
Old Tariff + VAT = R600

RECONNECTIONS

Reconnection of water supply due to non-payment of services
2009/2010 tariff – R540.00 and 2008/2009 tariff - R490.00

SEWER CONNECTIONS

That in terms of the provisions of section 11 (3) of the Local Government Municipal System Act 2000, the Council amends by resolution the charges payable in terms of the Drainage and Plumbing By-Laws and By-Laws for the Licensing and regulating of Plumbers and Drain Layers published under Municipal Notice No. 35 dated 22 September 1982, and promulgated in Official Gazette No. 4226 dated 22 September 1982 as follows with effect from 1 July 2009.

By the substitution in item 5 for the figure R1 600.00 VAT included, by the figure R1 750 VAT included.

Sewer Honey sucker – R90-00 / kl
(Old tariff R80-00)

BURIAL SERVICE: TZANEEN COST CENTRE

That in terms of the provision of section 11 (3) of the Local Government Municipal System Act 2000 the Council by resolution amends the charges payable for burial services promulgated under Municipal Notice 63/1996 of 18 October 1996 as set out in the under mentioned schedule with effect from 1 July 2009.

SCHEDULE

TARIFF OF CHARGES: BURIAL SERVICES: TZANEEN

1. When the deceased lived in the Municipal area at the time of the passing:

Burial: Mondays to Fridays (08H00 to 17H00)

- 1.1 Per grave for any person under 12 years: R220-00
(Old tariff R220-00)

- 1.2 Per grave for any person 12 years and over:
R467-50
(Old tariff R467-50)

- 1.3 Opening for second burial R231-00
(Old tariff R231-00)

2. When the deceased lived outside the Municipal area at the time of the passing:

Burial: Mondays to Fridays (08H00 to 17H00)

- 2.1 Per grave for any person under 12 years: R660-00
(Old tariff R660-00)

- 2.2 Per grave for any person 12 years and over:
R1 144-00
(Old tariff R1 144-00)

- 2.3 Opening for second burial R264-00
(Old tariff R264-00)

3. Niches: Per niche per deceased R264-00
(Old tariff R264-00)

4. Memorial work: Removal or re-affixing to per memorial work
R121-00 (Old tariff R121-00)

5. Removal of ashes from a niche: Per removal R121-00
(Old tariff R121-00)

CHARGES FOR THE APPROVAL OF BUILDING PLANS

That in terms of the provision of section 11(3) of the Local Government Municipal System Act 2000 the Council by resolution amends the charges payable for the approval of building plans with effect from 1 July 2009 as set out in the schedule hereunder:

SCHEDULE

CHARGES FOR THE APPROVAL OF BUILDING PLANS

1. The charges payable for a building plan submitted for consideration shall be as follows:
 - 1.1 The minimum charge payable for any building plan with the exception of item 3 and 4: R240-00
(Old tariff R220-00).
 - 1.2 The charges payable for any building plans shall be R3-00 per m² (Old tariff R2-80)
 - 1.3 To apply the abovementioned charges, the total area of any new building must be calculated at every floor level on the same erf, including verandas, galleries and balconies.
2. In addition to the charges payable in terms of item 1, a charge of 60c per m² (Old tariff 55 c) of the reinforced area is payable for every new building in which structural steelwork or concrete is utilized for the main framework as the main structural components of the building.
3. Charges payable for approval of alterations to existing buildings and buildings of special character such as factory chimneys, spires and similar erections, shall be calculated on the estimated value thereof at the rate of R11 for every R500-00 or part thereof, with a minimum charge of R250-00 and a maximum charge of R1 100-00.
4. Building plans for swimming pools will be approved at a charge of R190-00 per plan (Old tariff R170-00)
5. Charges payable for the re-inspection of buildings and swimming pools: R280-00 per re-inspection (Old tariff R250-00)

6. Town maps: R150-00 per copy (Old tariff R120-00)
7. Building statistics: R120-00 per year (Old tariff R120-00)

ELECTRICAL CHARGES

That in terms of the provision of section 11 (3) of the Local Government Municipal System Act 2000, the Council by resolution amends the charges payable for the supply of electricity as contained in Municipal Notice 19 of 1988, with effect from 1 July 2009 by the addition in part (iii) after clause (2) of the following:

TESTING OF METERS

		<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
I	Rural	R350.00	R1 100.00
II	Town	R200.00	R 650.00

DETERMINATION OF CHARGES PAYABLE IN TERMS OF THE PROVISIONS OF THE TOWN PLANNING AND TOWNSHIPS ORDINANCE, NO. 15 OF 1986

Notice is hereby given in terms of the provisions of section 11 (3) of the Local Government Municipal Systems Act 2000, that the Greater Tzaneen Municipality has by Resolution determined charges payable in terms of the provisions of the Town planning and Townships Ordinance, 1986 (no.15 of 1986), with effect from 1 July 2009 as set out in the Schedule below.

CHARGES PAYABLE TO LOCAL AUTHORITIES IN TERMS OF THE PROVISIONS OF THE TOWN-PLANNING AND TOWNSHIPS ORDINANCE 1986 (NO. 15 OF 1986).

FEES EXCLUDING ADVERTISEMENT AND INSPECTION

		<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
i	Application for consent	R880.00	R960.00
ii	Application for amendment of interim scheme	R970.00	R1 060.00
iii	Application for amendment of Town planning scheme	R1 900.00	R2 090.00
iv	Application for establishment of a township or land development area (DFA)	R3 500.00	R3 850.00

v	Application for removal of restrictive conditions in Title Deeds and/or amendment of Town planning scheme.	R1 900.00	R2 090.00
vi	Application for extension of boundaries of an approved township i.t.o. Section 88 (1) of Town Planning and Townships Ordinance, 15 Of 1986	R1 900.00	R2 090.00
vii	Application for subdivision for property in 5 or less portions (Section 92 (1) (a) of Ordinance 15 of 1986 Regulation 293 and Regulation 188	R1 100.00	R1 200.00
viii	Application for subdivision for property in more than 5 portions (Section 92 (1) (a)) Ordinance 15 of 1986 Regulation 293 and 188	R1 100.00 For the first 5 portions plus R110 in respect of each further Portion	R1 200.00 for the first 5 portions plus R120 in respect of each further portion
viii	Application for consolidation of properties	R440.00	R480.00
x	Application for other uses than residential on traditional land	R70.00	R75.00
xi	Application for Council's reasons and written consent	R370.00	R400.00
xii	Reimbursement of Chairman of Townships Advisory Committee established in terms of section 59 or Ordinance 40 of 1960	R570.00/day	R620.00/day
xiii	Comments of Council regarding applications in terms of Act 21/1940 Act 70/1970 permit rights and recommendation of layouts to R293.	R1 100.00	R1 200.00

ix	Comments of Council on application i.t.o. Act 70/1970	R1 100.00	R1 200.00
xv	Amendment of pending division application – Section 17(3), Division of Land Ordinance, 1986		R1 000.00
xvi	Amendment of pending Township application – section 96, Town planning and Townships Ordinances, 15 of 1986		
	• Amendment not material		R1 000.00
	• Material amendment		R3 300.00
xvii	Phasing of Township Application – Section 99, Town Planning and Township Ordinance, 15 of 1986		R1 000.00
xviii	Consideration of a Site Development Plan Tzn Town Planning ‘Scheme, 2000		R1 000.00
Xix	Application for extension of time – All applications		R500.00
	1 st Application (Year 1)		R500.00
	2 nd Application (Year 2)		R1 000.00
	3 rd Application (Year 3)		R1 500.00

ADVERTISEMENT AND INSPECTION FEES

Apart from the fees prescribed in Section A, the following fees shall be payable to the Local Authority:

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
1. Notice of application in Provincial Gazette and Newspapers	R2 000.00	R2 200.00
2. Inspection and hearing regarding any application	R880.00	R960.00

DETERMINATION OF CHARGES

SCHEDULE

Tariff of charges in terms of the swimming pool By-Law of the Greater Tzaneen Municipality, published under Administrator's Notice no. 975 dated 21 June 1972, shall be as follows:

TARIFF OF CHARGES

ADMISSION FEES

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
1. Season tickets per person	R100.00	R100.00
2. Single tickets per person	R6.60	R6.60

HIRE OF SWIMMING POOL

	<u>OLD TARIFF</u>	<u>NEW TARIFF</u>
1. To an approved swimming club during hours determined by the Council per season	R418.00	R418.00
2. For galas or aquatic sports on dates previously approved:		
a) School galas or Aquatic sport events	R82.00	R82.00
b) Other galas or aquatic Sport events	R231.00	R231.00
3. All other functions at the swimming pool (not schools)	R253.00	R253.00
refundable deposit	R462.00	R462.00
4. For instruction for remuneration during hours previously approved per season, per instructor	R500.00	R500.00
5. School children in groups free of charge per pupil making use of the swimming bath during school hours, provided that permission has previously been obtained and provided that:		

- 5.1 a teacher of the relevant school shall exercise direct supervision over the children at the swimming bath;
- 5.2 the children shall not be allowed to stay in the water for a period exceeding 60 minutes, and
- 5.3 the children on any school day, shall leave the premises not later than 13h00.
- 5.4 A fee of R60.00 per hour shall be payable to the life saving contractor for attendance after swimming hours. (Old tariff R60,00)

REVENUE

Refer to drawer cheques (R/D) – Admin Fee
Current R148.00 and Proposed R156.00

Unpaid debit orders – Admin fee
Current R148.00 and Proposed R156.00

Supply of information (faxes)
Current R5.30 and Proposed R5.60

Supply of Duplicate statements
Current R5.30 and Proposed R5.60

Furnishing of Clearance Certificate
Current R20.00 and Proposed R21.00

Furnishing of Valuation Certificate
Current R32.00 and Proposed R34.00

Furnishing of Duplicate Clearance Certificate
Current R14.00 and Proposed R15.00

Final reading levy
Current R37.00 and Proposed R39.00

Credit Control Action – Friendly Reminder Fee
Current R29.50 and Proposed R31.00

Copy of the Valuation Roll
Current R445.00 and Proposed R469.00

All above tariffs are VAT excluded

CLEANING OF STANDS

Cleaning of overgrown stands R0.35c/m² R0.50c/m²

CHARGES PAYABLE FOR THE USE OF THE PUBLIC LIBRARIES

Members of the Tzaneen Library R60.00 or R140/family

Members of the Haenertsburg or
Letsitele Libraries R30.00 or R70/family

Deposit R140,00 per person

Duplicate certificate of
Membership R6.00

Overdue Library material R1,00 for every week

Block loans R140.00 per year plus
membership of person
responsible for block loan.

Photocopies

A4 Photocopy R0,50 per page

A3 Photocopy R1,00 per page

Copies printed from the Internet and copies of documents
created by library users:

Black & White R3.00 per page

Colour R6.00 per page

Rent of Minitzani Hall R95.00 per day

Rent of the Tzaneen Library
Study Hall (After hours) R180.00 per day

LICENCING TARIFFS

Poster

With regard to posters the amount of R10.00 per
advertisement of which R5.00 is refundable

Election Posters

A once only R150,00 deposit per candidate/applicant per
election, as well as a amount of R300.00 per applicant

candidate per election which is not refundable. Total amount R450.00

Pamphlets

An amount of R200.00 per applicant which is not refundable

Advertisement – Properties

With regard to advertisement of the selling of properties, an amount of R450.00 per calendar year or any part thereof.

Banners

With regard to banners, an amount of R200.00 of which R125.00 is refundable.

Dog Tax

Application for dog tax (Licensing) R40,00 amount payable per dog.

4. THE BUDGET

4.1 Executive Summary

INTRODUCTION

The adoption of the 2009/2010 Preliminary budget on 24 February 2009 laid the foundation through which strategic functions will be managed.

The total revenue for the 2009/2010 financial year amounts to R580 million, which represents an increase of R156 million over the 2008/2009 financial year. This increase is mainly due to the increase in service charges and external grants from central Government.

The total revenue budget includes an amount of R121 million which represents the equitable share allocation to the Greater Tzaneen Municipality.

An amount of R51 million will be levied by way of property tax and R263 million will be sourced from user charges. Borrowed funds are limited to R75 million and will only be used to finance capital expenditure as determined in Section 18 of the MFMA.

An amount of R495 million has been made available on the operational budget for expenditure. This substantial increase is largely due to the significant increase in ESKOM's tariff for bulk electricity purchases. The amount also includes R141 million for salaries, R93 million for repairs and maintenance and R136 million for the purchase of bulk electricity and water.

An amount of R138 million has been allocated for capital expenditure for the 2009/2010 financial year. This amount includes the MIG allocation of R33 million as well as an amount of R65 million which has been made available for rural projects.

COMMUNITY CONSULTATION

After approval of the draft 2009/2010 budget on 24 February 2009 it was advertised in two local newspapers stating that the draft budget is available for public scrutiny. It was also made available on Councils website and a consultation process in line with the requirements of the Municipal Systems Act and the MFMA was conducted during May 2009.

Section 23(2) of the MFMA stipulates that, "***After considering all budget submissions, the Council must give the Mayor an opportunity –***

- a) To respond to the submissions, and***
- b) If necessary, to revise the budget and tabled amendments for consideration by the Council"***

The inputs received during this process have been submitted to the Mayor and the more pertinent and relevant inputs have been included in the budget.

ALIGNMENT WITH NATIONAL, PROVINCIAL AND DISTRICT PRIORITIES

Successful alignment of Councils service delivery priorities as embodied in the updated Integrated Development Plan (IDP) and its focus areas, to that of National and Provincial Governments is seen as critical if Greater Tzaneen Municipality is to achieve its developmental goals.

The alignment of National, Provincial and District priorities is guided by the Local Government Municipal Systems Act which determines that the planning undertaken by a Municipality must be aligned with, and complement the development plans and strategies of affected Municipalities and organs of state.

To attain the Strategic Intent, with limited resources, forces the Municipality to develop strategies on how to achieve these through optimal utilization of human and capital resources. Using the BSC methodology the municipality has a proven way of developing their strategies to ensure that they can attain their strategic intent. Taking into account the various aspects and challenges facing Greater Tzaneen Municipality, the BSC methodology is implemented to develop strategies to ensure that the Municipality focuses on all perspectives as contained within the BSC methodology:

- Customer perspectives (defines what the organization will do to satisfy customers and community members)
- Financial perspectives (defines how effectively the Municipality is utilizing its resources to deliver on the community expectations)
- Internal processes perspective (defines and clarifies activities and processes required at providing the value expected by community)
- Learning and growth perspective (defines the foundation of strategic attainment by focusing on the development of skills and capabilities of human resources.

In addition to the above mentioned perspective Greater Tzaneen Municipality has identified and aligned strategic themes that will provide the essential components of the strategies developed. A theme can be defined as an area of strategic focus within the organization that will enable the organization to focus on achieving their strategic intent. The three themes are mentioned below.

- Economic Growth
- Social, Environmental Sustainability and Infrastructure Development
- Governance and Administration

The first two themes are contributing towards the growth strategy of Greater Tzaneen Municipality. (The focus of growth within the Municipality will be towards increasing the income for all and to contribute towards a quality of life for all living within the Municipal boundaries).

Meetings regarding the alignment of Greater Tzaneen Municipality's IDP review were held during May 2009 and all stakeholders were invited to attend the meetings.

EXTERNAL FACTORS, INCLUDING ECONOMIC DEVELOPMENT AND TOURISM

The DPLG White Paper on Local Government states that it is the responsibility of Local Government to take active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of opportunities.

This forces Municipalities to focus on poverty alleviation through job creation and maximization of economic potential.

PAST AND CURRENT PERFORMANCE ACHIEVEMENTS, MAJOR POLICY INITIATIVES AND CHALLENGES

Municipal Managers Department



Our Municipality remains at the centre of sustainable development as we together make Local Government work better for all. The Municipality has among the best systems that only need to be nurtured and properly administered.

We are becoming a green Municipality with all the programmes taking shape, among them the rural waste minimization, Letaba riverbank project which has generated interest including among business community, taxi association, Hawkers and relevant sector departments and private institutions. The Public Participation process is still intact and we are creating a conducive environment for Councillors to conduct to communities with administrative support. The deployment of members of the executive committee to politically lead the Four Clusters, Bulamahlo, Lesedi, Runnymade and Relesa is taking shape as we integrate service delivery to the community of the Tropical Paradise. The four Thousong centre's provides an infrastructure that allows all three

spheres of Government departments, parastatals to deliver services to the communities.

We continue to nudge internal stakeholders / staff to work as a team in an integrated way to ensure our services to the community and sustainable. We still need to improve Internal Communication as we create a seamless administration and a responsive management core. The Integrated Development Plan remains the strategic tool that must guide Council in service delivery and communities. The IDP's credibility is still to be achieved through hard work of all staff and sector departments.

The key components remain the following:

- Housing chapter still been developed
- Local economic development
- Spatial development framework
- Environmental management plan
- Integrated waste management system
- HIV/AIDs
- Performance management system
- Transport plan still been developed
- Land use management

The performance management system is been implemented and a Pilot ward scorecard development shall be implemented. We continue to report on a monthly basis on the Supply Chain Management Process. Council has adopted a targeted Preferential Procurement Policy and we need to implement a rotation system on an agreed threshold to companies owned by youth, disabled women and former combatants. The project management unit is now integrated within the system of the Municipality in the Civil Engineering Services. The Municipality has secured a substantial grant from the National Treasury (Neighborhood grant) to revitalize specifically the townships.

The Internal Audit committee which report to Council. The disaster management unit is actively participating in the Weekly Joint Operation Centre activities. The unit continues to bring relief to families in distress. The Mayor and Executive Committee members continue to lead our communities and engage them in Executive Committee outreach programmes, Isimbizo's.

We have recently at management level through the Municipal Manager at Mopani district Municipality launched Greater Tzaneen Municipality Intergovernmental Relations that has ensured that we in an integrated way deliver services as a Municipality with all

sector departments. The G.T.M.I.G.R was launched on 22 January 2009 at Mopani District Municipality Disaster Centre.

Financial Recovery Plan was adopted by Council. We continue to make all efforts to improve our cash flow management. Decisive unpopular decisions must be taken to turn the situation around and to reuse the Greater Tzaneen Municipality vision 2010 Financial Recovery Plan. Our Municipality remains the area of choice for developers which have resulted in 300% growth of town, which is likely to create endless decent job creation and community upliftment. The biggest problem is that the Electricity Infrastructure is near collapse with dire consequences for economic development for our town. We have presented to many institutions for assistance among them Department of Minerals and Energy, Eskom, National Department of Provincial Local Government and Provincial department of Local Government and Housing, Premiers Office.

We have also presented the R140 million plans to the Deputy President's office of the Republic, Revenue expansion remains a daunting challenge for our Municipality to tackle without fail. We continue to forge cordial relations with our unions SAMWU and IMATU in Local Labour Forum, Employment Equity Forum etc.. We are ready for 2010, the African time has arrived.

We must continue to nurture the creative tension that inherently exist between Administration and Politicians in order to create and manage the space conducive to make Local Government work better for all.

Community Services and Transport, Safety, Security and Liason



Environment

Environmental Health has succeeded in striving to ensure a safe and healthy environment, conducted Food Safety Management

audits and hosted the Star grading system award function, it has also in promoting environmental sustainability, launched and hosted the Cleanest School Competition. We are managing Industrial Impact by conducting Occupational Health, Safety and Environmental evaluations in industrial premises.

Library

Main Programmes

Library development and reading promotion
Arts and culture programmes – book related
Assisting schools in establishing book collections

Achievements

- 29841 Library users benefited from the information resources available in the libraries.
- 59387 Books/magazines were circulated
- 39 School groups were hosted
- 2 Holiday programmes were hosted, with the emphasis on arts and crafts, using inexpensive materials
- 5 Book related cultural events were hosted.
- 1350 Learners participated in the annual library competition.
- 933 Relevant books were donated to the GTM Libraries by members of the community and the book trade.
- 85 Topical, educational displays were held.
- An article on the GTM outreach programme paired reading was published in the magazine – The Free State Librarian.
- 609 Relevant books were donated to schools via the GTM Library Committees.

Challenges

Communities from all over the Greater Tzaneen Municipality are and beyond use the Greater Tzaneen Municipal Libraries. For communities outside Tzaneen, Letsitele and Haenertsburg transport costs are a factor. Schools are assisting learners by bussing them in to find project information.

The high cost of establishing and operating much needed new municipal libraries is a major challenge facing the GTM Library Services. Also hampering service delivery is the high cost of books and the non deliverance of books by the Provincial Library Services, in spite of the generous National Treasury Library Grant, which is administered by the department of Sport, Arts and Culture.

Parks, Recreation, Sports, Arts, Culture and Cemetery
July 2007 to March 2008

USAGE OF FACILITIES

- Swimming pool is closed due to maintenance challenge
- Nkowankowa, Lenyenye stadium and Julesburg booked 124 times combined.
- Club house 40 times
- Projector room at community hall was booked 28 times
- Community hall at Nkowankowa was booked 105 times

DECORATIONS: were done at Tivumbeni, Lenyenye community hall 4x, Nkowankowa community hall x 3, Nkowankowa stadium, Mamitwa Tribal, Mhlava Tribal, Mariveni ground, Mafarana, Rhelela x 2, Maraleng Municipality

GRASS CUTTING

The following grass cuttings were done:

- Sidewalks – 1788402 m²
- Parks: Recreational and developed -230521 m²
- Open spaces – 1865853 m²
- Sport facilities – 103244 m²

SPORT FACILITIES MAINTINACE SCHEDULE

The maintenance schedule of our three stadiums are done as follows:

- Mondays – Nkowankowa stadium
- Tuesday & Wednesday- Lenyenye stadium
- Thursday - Julesburg
- Friday –Nkowankowa stadium is being prepared for week-ends bookings and time for servicing grass cutting machines. The stadium is closed for bookings on this day. Clubs such as Boxing, Aerobics, Athletics train from Monday till Thursday evenings only, so that when the facility is cleaned on Friday it must remain clean for week end activities.

Annual pitch maintenance- the ground is top dressed with 80 cubic meters top dressing and is done in June-July during PSL off season.

Every six weeks 8x50 kg bags 4:3:4 fertilizers are applied in summer and 2:3:2 in winter.

CEMETERIES:

The following Cemeteries are maintained:

Lenyenye, Nkowankowa, Tzaneen, Old Letaba and Haenersburg. Nkowankowa and Lenyenye are maintained monthly and the rest weekly.

Total number of funerals:	Adults	176
	Children	14
	Paupers	12
	Muslim	04
Number of graves opened:	Nkowankowa	81
	Lenyenye	65
	Haenertsburg	02
	Tzaneen	39

Graves opened for second burial were 9 and no exhumations were done.

N.B Children's graves are excavated manually and 03 graves are kept open weekly.

Adult's graves, in Parks Area 1- 08-10 graves are kept on continuous basis.

MAINTENANCE OF SIDE WALKS

- Weed control was done at Nkowankowa- Bankuna Road
- Termite nest control – 55 nest were eradicated on side walks
- Dangerous trees removed/pruned -14 on side walks

Areas to be slashed were identified and the following was done:

- Slashed - 6290693 m2
- Termites nest control -112 nests
- Dangerous trees removed/ pruned- 06
- Grading cutting is also done at all GTM MPC's

GARDEN AREAS MAINTAINED BY PARKS PERSONNEL AREA 2&3

- Minitzani, Adam circle, slopes in Boundary Street and are in front of Tzaneen Primary-School,
- Park at Tamboti Street
- Bird Park: King Edward

GARDEN REFUSE REMOVAL

Garden refuse is removed on continuous basis by a team from parks and garden areas. Streets trees are pruned and dead leaves are removed on continuous basis.

GARDEN EXPO

No expo due to financial constraints

WETLAND

Mgolobotho wetland was slashed.

SPORTS ARTS AND CULTURE

Achievements

- 1 x Chairperson of Cluster Study Group – Cllr J. Ngobeni
- 1 x Annual sport Council meeting 30 June 2008
- 10 x Indigenous games coaches for various games
- 19 x Clubs were registered Sport and Recreation Sport Council
- 9 x Committee members responsible to organize sport within Greater Tzaneen Municipality
- 1 x District Indigenous games at Maruleng Municipality on the 21 July 2007 and 5 x District Municipalities attended.
- 1 x Provincial Indigenous game were at Polokwane Cricket Club on the 17 – 19 August 2007 and 5 x District Municipalities attended. 8 x Codes were participated.
- 1 x National Indigenous games were held at East London on the 28 Aug – 04 September 2007 and only GTM attended and won 6 Gold medals.
- 1 x Mngana Lonene Indigenous games were held on the 20th October 2007 at Giyani.
- 1 x Woman in sport workshop held at Polokwane in October 2007.
- 1 x Consultative mass meeting with federations by Sport Council.

- On the 1st November 2007 Julesburg Hub received sport equipment from the Department of Sport Art and Culture. i.e. 8 x Helmets, 2 x Volley balls, 3 x club files, 1 x Soccer balls, 1 x Stapler, 2 x Nchuva boras, 1 x Xdibeke balls and 1 x Rugby ball.
- Relela Hub received sport equipment from Department of Sport Art and Culture. i.e. 1 x Bag, 2 x Balls, 3 x Helments, 4 x Ces cover, 2 x Leg protectors and 1 x box of 12 top and bar mudas.
- 1 x District Inter Hub was held at Julesburg on the 8th March 2007. Indigenous and OR Tambo games were participated.
- 1 x Sport Administration Training Programme was held on the 10 – 14 October 2007 at Tzaneen Fairview Lodge.

HERITAGE AND MUSEUM (9 X COMMITTEE MEMBERS)

- 1 x Interviews for HUB co-ordinators at Mopani were conducted by Department of Sport Art and Culture on the 9th April 2008.
- 1 x Short listing of shool sport co-ordinators in Mopani by Department of Sport Art Culture on the 15th June 2008.
- 1 x Interview for schools sport co-ordinators on the 21st April 2008.
- 1 x OR Tambo games was held at Nkowankowa stadium on the 24th May 2008.
- 1 x Preparatory meeting for Arts and Culture with Jerry Mofokeng on the 1st March 2008.
- 1 x Video shoorting for preparation of Arts and Culture Festical at Tsonga Kraal on the 05 June 2008.
- 4 x Groups performed during shooting i.e. MD Shirinda, Mango Cultural group from Mamitwa, Shikwambana Cultural group from Mamitwa and Artist from Venda and Giyani
- 1 x Video shooting was taken at Tzaneen dam on the 6th June 2008 with Jerry Mofokeng and the association.
- 4 x Groups Performed i.e. DJ Grace, Maloabotsheba, Sekgaba sa Lenyenye and Artist from Venda.
- 1 x Art and Culture Cluster Competition at Bulamahlo and Lesedi on the 7 June 2008.

GREATER TZANEEN LOCAL FOOTBALL ASSOCIATION

- 12 x Executive Committee members of SAFA
- 17 x Soccer Clubs are registered under GTM Foot Ball Association.

- 3 x Clusters were identified for Sport Development in the GTM area i.e. Bulamahlo – Makhubundung Soccer Club and Burgersdorp Netball Club.
- Lesedi-Nkowankowa Boxing Club and Nkowankowa Rugby Club.
- Relela – Relela Ladie Soccer and Rhelela Athletic Club.
- 1 x District OR Tambo Games were held at Giyani stadium on the 21st June 2008 and 5 x District Municipalities attended ie.: Mopani, Vhembe, Waterberg, Sekhukhune and Capricorn.
- 10 x Monthly meetings were held by Sport and Recreation Council
- 8 x Special meetings
- 2 x General meeting

Solid Waste

A) **Waste minimization (Composting)**

- Presently all organic waste (garden-refuse) are treated at the composting site adjacent to the landfill.
- At present 15 436m³ loose/annum are re-routed to the composting plant, which represents all incoming garden-refuse from all the suburbs in the area viz, Tzaneen, Nkowankowa, Lenyenye, Letsitele and Haenertsburg.
- The operation creates a saving per annum of R617 440.00 (R160,00 @ 3856m³ with a compaction ratio of 4:1)



B) Waste Minimization (Recycling @ Landfill)

- Presently 5434m³ of recyclables are recycled at the Landfill.
- A Municipal Service Provider is utilized to render this service which creates 10 x job opportunities at this workstation.
- The savings on Landfill air-space creates a saving of R173 888.00 per annum (R160.00 @ 1086m³ with a compaction ration of 5:1)



- 1 x Recycling budget implementation plan is at present implemented in Tzaneen CBD
- 56 499 m³ of refuse is recycled by a Municipal Service Provider in the CBD.
- This creates a saving of R1 807 968.00 per annum on air space savings at the Landfill. (R160.00 x 11,229m³ @ compaction ratio 5:1)



C) Collection and Transportation (Health Care Waste)

- A full removal medical waste service is rendered to all generators of medical waste eg. Hospitals, Clinics, Consulting rooms, Veterinary consulting rooms, etc..
- This service is seldom rendered by Local Government, and Tzaneen is one of only a few L.A.'s in South Africa which are actively involved in rendering a service in accordance with the legal manifesto.(The Health Act)



D) Labour Motivation Model

INTRODUCTION

Responsible waste management requires a neat, tidy and healthy environment.

Generic labour problems, which prevent service delivery, were inter alia as follows: Late comings, leaving of the workplace without permission or authorized leave, alcohol abuse and poor work-standards.

METHODOLOGY

Management researched appropriate information to develop a performance management system. Planning was done in conjunction with organized labour as well as Council's top-management.

Scorecards were to be developed to measure critical performance indicators for teams.

Scorecard Example

REFUSE REMOVAL TEAMS			STREET CLEANING TEAMS			PUBLIC TOILET TEAMS			UTILITY TEAMS		
CCP	Team 1	Team 2	CCP	Team 1	Team 2	CCP	Team 1	Team 2	CCP	Team 1	Team 2
CCP 1	✓	✓	CCP 1	✓	✓	CCP 1	✓	✓	CCP 1	✓	✓
CCP 2	✓	✓	CCP 2	✓	✓	CCP 2	✓	✓	CCP 2	✓	✓
CCP 3	✓	✓	CCP 3	✓	✓	CCP 3	✓	✓	CCP 3	✓	✓
CCP 4	✓	✓	CCP 4	✓	✓	CCP 4	✓	✓	CCP 4	✓	✓
CCP 5	✓	✓	CCP 5	✓	✓	CCP 5	✓	✓	CCP 5	✓	✓
CCP 6	✓	✓	CCP 6	✓	✓	CCP 6	✓	✓	CCP 6	✓	✓
CCP 7	✓	✓	CCP 7	✓	✓	CCP 7	✓	✓	CCP 7	✓	✓
CCP 8	✓	✓	CCP 8	✓	✓	CCP 8	✓	✓	CCP 8	✓	✓
CCP 9	✓	✓	CCP 9	✓	✓	CCP 9	✓	✓	CCP 9	✓	✓
CCP 10	✓	✓	CCP 10	✓	✓	CCP 10	✓	✓	CCP 10	✓	✓
CCP 11	✓	✓	CCP 11	✓	✓	CCP 11	✓	✓	CCP 11	✓	✓
CCP 12	✓	✓	CCP 12	✓	✓	CCP 12	✓	✓	CCP 12	✓	✓
CCP 13	✓	✓	CCP 13	✓	✓	CCP 13	✓	✓	CCP 13	✓	✓
CCP 14	✓	✓	CCP 14	✓	✓	CCP 14	✓	✓	CCP 14	✓	✓
CCP 15	✓	✓	CCP 15	✓	✓	CCP 15	✓	✓	CCP 15	✓	✓
CCP 16	✓	✓	CCP 16	✓	✓	CCP 16	✓	✓	CCP 16	✓	✓
CCP 17	✓	✓	CCP 17	✓	✓	CCP 17	✓	✓	CCP 17	✓	✓
CCP 18	✓	✓	CCP 18	✓	✓	CCP 18	✓	✓	CCP 18	✓	✓
CCP 19	✓	✓	CCP 19	✓	✓	CCP 19	✓	✓	CCP 19	✓	✓
CCP 20	✓	✓	CCP 20	✓	✓	CCP 20	✓	✓	CCP 20	✓	✓

A display board was erected to display achievements of different teams.

Human Resource Management enabled labour to understand the system, and initiated skills training.

Monthly awards were introduced to complement the remuneration of staff.

KEYWORDS

- Performance Management
- Critical Control Points
- Productivity
- Performance appraisal
- Local Government
- Labour contentment



RURAL WASTE MINIMIZATION DROP-OF-CENTRES

Planned to finalize Drop-of-Centres at the following schools
@ 4 x clusters.

- Relela Cluster
6 x D.o.C's @ School
- Runnymede Cluster
6 x D.o.C's @ School
- Lesedi Cluster
6 x D.o.C's @ School
- Bulamahlo Cluster
6 x D.o.C's @ School

Site meeting Motupakgomo School



REMOVAL SCHEDULES

Bulk containers at schools must be removed 1 x per week or more on request of the SGB to an approved "Drop-of-Centre" in Tzaneen.

All recycling items must be recovered for reprocessing.

Time frames:

Removals shall take place from Monday's to Saturday's from 06:00 to 18:00.

Routes:

The contractor must submit a route plan.

2 x Schools per cluster must be serviced = Total of 8 x schools. (2 x Schools per cluster)

Containers:

6m³ Containers must be utilized.

Containers will comply with the prescriptions of the requirements of the HOD Tzaneen Solid Waste.

Containers must be placed within the Schoolyard

CLEANEST TOWN COMPETITION



The results of proper planning in the abovementioned competition depicted as follows viz:-

2002/3 = Cleanest Town in Limpopo
2003/4 = Cleanest Town in Limpopo
2004/5 = Cleanest Town in Limpopo
2005/6 = 2nd Cleanest Town in Limpopo
2006/7 = Cleanest Town in Limpopo
2006/7 = 2nd Cleanest Town in RSA
2007/8 = Cleanest Town in Limpopo

License Division

Our Municipality was elected to pilot the electronic booking system and it was launched at Tzaneen DLTC on the 1 July 2008

For the period 1 July 2008 – 28 February 2009.

Learners Licenses issued	3562
Drivers Licenses issued	8679
Vehicle Registrations	6082
Vehicle Licenses renewals	23760

Traffic Division

Summons issued	5124
Face Value	R1 223 015.00
Escort Duties	50
Accidents attended to	70
Letaba show	1
Minitzani Week	2
Arrive Alive Campaigns	6

Corporate Services



The main purpose of the Corporate Services Department is to manage the following functions:-

- Human Resources
- Administrative Support
- Legal Support
- Information Services
- Public Participation and project support
- Communication and Marketing

ORGANISATIONAL DESIGN

Functional Organogram

The organizational structure of the Greater Tzaneen Municipality was reviewed during February/March 2009 to ensure that it focuses

on mandated service delivery functions. This exercise also formed part of the annual review and the overall strategy of the Financial Recovery Plan. With reference to the latter, the aim was to contain expenditure on the organizational arrangements without jeopardizing the Institution's capacity to deliver on its constitutional mandate.

In terms of the Report, eight functional and organizational components were proposed:

- Office of the Mayor/Speaker
- Office of the Municipal Manager
- Six departments, namely:
 - I Planning and Economic Department
 - II Financial Services
 - III Corporate Services
 - IV Engineering Services
 - V Community Services
 - VI Electrical Engineering Services

A total of 1 194 posts were proposed, compared to 1 156 existing posts which includes the new amalgamated Water and Sewerage Division. The expansion has been affected at service delivery levels, whilst some posts savings are primarily in the administrative categories. The corporate services and financial department have been rationalized due to the centralization of some of their functions, whilst the engineering, electrical engineering and community services delivery components have been strengthened at specific points.

DEPARTMENT	NUMBER APPROVED	NUMBER PROPOSED	DIFF.
Office of Municipal Manager	16	16	0
Planning & Economic Dev	24	23	-1
Financial Services	75	65	-10
Corporate Services	71	61	-10
Engineering Services	506	514	8
Community Services	343	393	50
Electrical Engineering Services	121	122	1
GRAND TOTAL	1156	1194	38

Staff Establishment

The staff establishment will be updated in line with the new functional structure upon approval by Council.

Task Job Evaluation

Job Analysis Questionnaires (JAQ's) for all positions were prepared after the training of 30 identified departmental representatives. Final job descriptions were signed by all parties and submitted to the Regional Task Job Evaluation Committee on 30 March 2006. The final outcomes report after moderation was received on 6 December 2007. Implementation of the outcome can only be done once the grading and salary structuring process is finalized.

Labour

As on 1 March 2009, the staff register reflects the following:

Positions approved: 909
Positions filled: 624
Positions vacant: 285

The situation for the seven departments was as follows:

Department	Positions approved	Positions filled	Positions vacant
Municipal Manager	16	10	6
Planning & Economic Development	24	17	7
Financial Services	75	52	23
Corporate Services	71	48	23
Engineering Services	258	157	101
Community Services	261	191	70
Electrical Engineering	122	100	22
Transport, Safety, Security and Liaison	82	49	33
TOTAL	909	624	285

NOTE: The Transport, Safety, Security & Liaison Department was meantime collapsed into the Community Services Department with effect from 1 April 2009.

Employment Equity

The position in terms of representivity of the workforce profile as on 1 March 2009 was as follows:

Black	555
White	63
Coloured	3
Indian	3
Total	624

As far as gender is concerned, the position as on 1 March 2009 was as follows:

Male	446
Female	178
Total	624

In terms of appointment of people with disabilities as on 1 March 2009, the Municipality has achieved nearly 1.7% against the national benchmark of 2%.

Client Survey 2008

The Corporate Services Department again conducted a client survey for 2008. The purpose being to determine the level of customer service offered to internal clients.

The overall score for 2007 against 2008 increased from 70.1% to 79.02% which is regarded as highly satisfactory and is an indication of the efforts made by the staff of the Department to improve on service delivery.

SKILLS DEVELOPMENT

■ **Background**

The Greater Tzaneen Municipality is committed to skills development and fully subscribes to the provisions of the National Skills Development Strategy.

The Work Place Skills Plan (WSP) for the 2008/2009 financial year was submitted to the Local Government SETA (LGSETA) and has been implemented, as far as finances permitting it.

■ **Training Budget**

As an indication of the Municipality's commitment to skills development an amount of R864 725 was budgeted for skills development during the 2008/2009 financial year.

The money was intended for, inter alia, financing training interventions which had been identified to address the skills gaps in the Municipality. The training interventions are conducted by accredited training providers to ensure quality of provision.

An amount of R652 615 was used for training up to 1 April 2009 which reflects 75.4% utilization.

■ **Adult Basic Education and Training**

During the 2007/2008 financial year 62 employees wrote IEB examinations and 42 was declared competent on the various ABET levels. Funding for the 2009/2010 financial year will again be sourced from the LGSETA for the training of employees on ABET.

■ **Implementation of Learnerships**

The following learnerships were concluded over the past years:

- ✧ Water Learnerships – 14 employees
- ✧ LED Learnerships – 2 employees
- ✧ Community Development Worker Learnerships – 24 employed
- ✧ Youth Development Worker Learnerships – 2 employed

An Electricity Learnership was approved by the LGSETA for 10 employees. The learnership agreement between the Municipality and the LGSETA was meantime signed and an appropriate accredited service provider is being sourced to conduct the learnership in the 2009/2010 financial year.

• **Other Learnerships**

A need analysis for the other learnerships was conducted in all departments in Council. These learnerships will hopefully be implemented during 2009/2010.

- **Comprehensive skills Audit**

A Comprehensive Skills Audit was conducted for the Greater Tzaneen Municipality with the aim to identify gaps in employee's skills levels and to help to adapt training programmes to suit organization all needs.

Survey questionnaires were completed by all staff and a 100% return was achieved captured.

A comprehensive Skills Audit Report/Training Plan was also compiled which relates to the findings of the skills audit process per department/division/post category/individual incumbent. This information will be collated into the Workplace Skills Plan for 2009/2010.

- **Local Government Accounting Certificate (LGAC)**

Six employees were nominated to partake in the LGAC over one year. The qualification is registered with SAQA at NQF level 3 and within the scope of Fasset, the SETA/ETQA for financial services. The classes for this competency based qualification will start during June 2009.

- **Other work specific training conducted**

Special efforts were done during the 2008/2009 financial year to ensure legal compliance to the OHS Act by training employees in:-

-	OHS Safety Representatives-	35 Employees
-	OHS Management Representatives-	30 Employees
-	First Aiders-	30 Employees
-	Fire Marshalls-	57 Employees

OCCUPATIONAL HEALTH AND SAFETY (OHS)

- **Occupational injuries and diseases**

Reported injuries on duty for the period 1 July 2008 to 1 April 2009 were 10. For the same period in 2007/2008 financial year, there were 17 reported injuries on duty. One Occupational disease was reported for the same period in the 2008/2009 financial year.

Direct man-hour lost due to occupational injuries for the same period was 116.39 hours. No serious injury occurred. There were also no fatal injuries.

- **Number of inspections conducted**

There were 516 inspections conducted for the period 1 July 2008 to 1 April 2009.

These inspections are conducted to monitor compliance in terms of OHS Act at different work stations.

- **Occupational Health and Safety committee Meetings**

For the period 1 July 2008 to 1 April 2009 12 OHS committee meetings were held.

- **Occupational Stressors Monitoring**

Occupational hygiene monitoring equipment, i.e. gas detectors used to check risk factors (asphyxiation-insufficient oxygen) in confine spaces (sewage manholes), Lux meter to check quality and adequacy of light in offices and workshops and sound level meter to check level of occupational exposure to noise, were used to monitor these stressors (asphyxiates, poor lighting, noise). Where deviations occurred, recommendations were given to supervisors/Superintendents to reduce stressors to acceptable levels e.g. addition and/or replacement of lights in offices and workshops, purging of manholes before entering, repairing noisy machinery and use of earplugs/muffs.

- **Employee Assistance Programme (EAP)**

As on 1 April 2009, 79 employees utilized the EAP to seek assistance in resolving personal ranging from chronic illness (TB & HIV/Aids), emolument attachments orders, loan sharks, marital affairs and alcohol abuse. Out of 79 cases, 77 were finalized and 2 were carried over.

Health talks regarding prevention of HIV and tuberculosis at work were given during health and safety committee meetings to members of the committee.

Over and above the latter, HIV/Aids, TB and Diabetic awareness through the Department of Health & Social Welfare were done for the period 23 February 2009 to 18

March 2009 and 432 officials attended. Staff was tested for TB on site and HIV/Aids in the local clinic.

Employee Wellness Day

The day was held on 16 October 2008 and 399 employees attended. Another Wellness Day will be held on 28 May 2009. In both instances sponsors conducted the events for Council free of charge.

- **OHS Compliance Inspections**

The inspections were conducted during February 2009 and contravention as well as prohibition notices were issued by DOL inspectors.

ADMINISTRATIVE SUPPORT SERVICES DIVISION

The purpose of the Administrative Support Division is as follows:

- ▶ To render committee services to the Council and its committees through:
 - Co-ordinate translation activities
 - Provide meeting support services
- ▶ To render office auxiliary services by:
 - Providing archiving services
 - Providing messenger services
 - Providing cleaning services
 - Providing typing services
 - Providing reprographic services
 - Rendering telephone services
- ▶ To render Councillor Support Services by:
 - Providing administrative support services to political office bearers
 - Providing office support services to political office bearers

Some information on the following key services delivery areas and challenges are put forward:

■ **STUDY GROUPS AND CLUSTERS**

In order to assist the Executive Committee to discharge their responsibilities as contemplated in the Structures and Systems Act respectively, Council has established Section 80 Committees as working committees (Study Groups) of the Executive Committee. A chairperson has been appointed for each of the six clusters. The following clusters were established in line with the Institutional and Strategy map:

- Economic
- Social
- Infrastructure
- Governance and Administration
- Finance
- Sport, Arts and Cultural
- Special Committee

The roles of the clusters are as follows:

The different study groups resort under each cluster. Councillors have been appointed on the different study groups. The study groups are mandated to research and make recommendations on specific topics in their field i.e. public participation, communication, water, electricity, etc. In this way Councillors play a leading role in the decision making process and also give political direction on matters serving before the Council. Presently all items are referred to the relevant Cluster to make a recommendation to the Executive Committee. In this way Councillors take ownership of the items that are submitted to Council.

Representatives of Ward Committees participate at Study Group level where they must give their inputs.

■ **INSTALLATION OF THE COLLABORATOR SYSTEM**

The Council has resolved to appoint Messrs Business Engineering with regards to the deployment, implementation and commissioning of the Collaborator System within our Municipality. The company has made an on-site official available who is presently facilitating training of all individuals on the use of the Collaborator System. Business engineering has also made an official available to ensure that the overall implementation of the system meets with the set requirements.

The Records office is scanning all mail received at the Municipality. Electronic filing is presently being performed on all scanned documents. The electronic distribution of correspondence to all departments takes place on a daily basis. The items tracking and resolution management process has in the meantime been implemented by the service provider. The smooth implementation of the Collaborator System is depending on the co-operation of each and every official because the system is people driven. The buy-in by everybody is thus necessary to ensure the success of the system.

■ **STORAGE SPACE: RECORDS OFFICE**

The Records office is presently experiencing problems with filing space. Hopefully this problem can be solved with the buying of three new Zippel filing cabinets.

■ **IDENTIFICATION OF TRAINING NEEDS**

Training needs were identified and a number of officials in the Administrative Support Division attended various training courses.

The following training opportunities were also attended:

- Performance management Workshop
- Communication Workshop
- Delegation Workshop
- Two Strategic Sessions
- IMASA Conference
- Minute Taking and Report Writing Workshop

A number of officials in the Division are busy with further studies to improve their career opportunities.

■ **CLIENT SURVEY**

During a client survey by internal customers which was conducted for the Corporate Services Department during February and March 2008, a score of 76% was achieved for the overall level of services by the Administration Support Division.

- **ELECTION AS CHAIRPERSON OF THE LIMPOPO BRANCH OF THE INSTITUTE OF MUNICIPAL ADMINISTRATION FOR SOUTHERN AFRICA (IMASA) MR E S MAAKE**

The Corporate Services Manager, Mr ES Maake was elected as Chairperson of the Institute of Municipal Administration for Southern Africa (Limpopo Branch) and he is also a member of the Executive council of IMASA Nationally.

- **INTERNATIONAL RELATIONS**

Efforts have been made to foster relations with municipalities abroad. In the pursuance of the relations the Municipality was part of the visit by the Limpopo Provincial Government to Mozambique's Gaza Province. The visit offered the Municipality an opportunity to interact with the Xai-Xai Municipality. The delegation that went to Xai-Xai took the opportunity of being in Mozambique to come back via Matola Municipality with which we had already started interaction with in the previous years.

The interaction with Matola Municipality has resulted in a draft Memorandum of Understanding which is now in the possession of both municipalities. A meeting between the municipalities was intended to take place at the end of September 2007, unfortunately it could not be held due to budgetary constraints.

Once the Memorandum of Understanding is concluded, the conduct of relations with Matola Municipality would be instituted .

Further efforts have been made to foster relations with a Municipality in Netherlands. A profile of our Municipality has been sent to the South African Embassy in Netherlands to assist in identifying a suitable municipality with which the Greater Tzaneen Municipality may foster relations.

The matter is still being considered by the Ambassador and would report back to us.

Information Services Section

Al though a position was provided for this function on the organogram, this Section will only be resourced in the 2010/2011 financial year.

Legal Services Division

To be furnished by HOD: Legal Services Public Participation and Project Support Division.

Public Participation & Project Support

To be furnished by acting HOD: Public Participation and Project Support

Communication and Marketing Division

To be furnished by acting HOD: Communication and Marketing.

Electrical Engineering Services



The electricity distribution system which includes in excess of 2000 km of overhead lines and total assets of an estimated R1.5 billion performed below standards as a result of the minimal capital and operating funds allocated. Concerns of the system deteriorating faster than the refurbishment process were reinforced by the problem of capacity more especially in Tzaneen Town resulting in unplanned power interruptions, highlighting the weaknesses of the distribution system created by sustained under re-capitalization into the system. Further development has been suspended due to insufficient electrical capacity. Various steps are however afoot to source alternative funding to upgrade the system. It needs to be noted that the current state of the electricity system and the under reinvestment into the system is considered a serious safety and performance concern.

Local internal load shedding will become an everyday occurrence should we suffer major equipment failure with a national appeal for

energy saving and efficiency receiving mixed results from the various sectors of the community.

Despite the above mentioned concern, the 102 appointed personnel of the Electrical Department have however put in a valiant effort in keeping outages and faults to a minimum, considering the performance. 13.7 km of overhead lines were built for new connections and a total of around 79 new connections were supplied.

The rural villages and small rural towns of the Greater Tzaneen Municipality are within Eskom licensed area and will remain as such for the foreseeable future, especially since the RED's are imminent.

The Electrical Department acquired funding from DME for electrification of Settlements and Farm worker Housing in the Greater Tzaneen Municipality distribution network. A total of 316 Farm worker Houses and 12 pre-paid connections were electrified.

Despite its many challenges the Tzaneen Electrical Department is still recognized as a leader in the Limpopo Province, with the Greater Tzaneen not only being the EDI Ring Fencing leader but also having various personnel appointed to numerous positions in the AMEU and EDI committees and task teams.

With this large farming community (3500 square kilometers) and the towns of Tzaneen, Letsitele, Haenertsburg, Gravelotte and Politsi within its distribution area, the Electrical Department has, and will continue to be the leader in the business of electricity distribution amongst municipalities.

Planning & Economic Development Department



VISION

To promote and network economic opportunities that will ensure job creation, poverty alleviation and investment for economic growth.

MISSION

To create better local economic well being through SMME, social services and to create investment opportunities through tourism and agriculture in partnership with other stakeholders.

July –December 2008 progress & January-June 2009 focus areas

MANAGER- achievements

- Budget spending for Department on par with projections
- Strategic session (10& 11 July 2008), report served before Council and PED applauded, thanks for the team spirit
- PED not wholly distracted by lack of institutional funding/personnel
- Divisional achievements

MANAGER- challenges

- IDP officer, position vacant and not filled
- PMS officer, maternity leave
- Non compliance to IDP/PMS obligations due to slow submission of information by Departments
- Communication/ follow ups with HOD's reduced due to work overload
- The struggle to focus on strategic issues due (a) to HOD referring matters they can attend for my attention (b) pressure to comply on IDP/PMS (c) uncoordinated meetings within & out of Council

TOWN PLANNING

PROJECTS	ACHIEVED JULY – DECEMBER 2008	FOCUS AREAS JANUARY – JUNE 2009
<ul style="list-style-type: none">• SDF Review	<ul style="list-style-type: none">• Approved with IDP Review• SDF document and maps on website• Traditional Authorities provided with development plans. Briefed on SDF	<ul style="list-style-type: none">• Jamela appointed Service Provider to prepare Strategic Environmental Impact Assessment of SDF• Reconfirm village names
<ul style="list-style-type: none">• LUMS	<ul style="list-style-type: none">• Service Provider appointed by Department of Local Government & Housing to develop LUMS• Presentation of draft scheme to Infrastructure Cluster: 20 November 2008• Comments on draft clauses given	<ul style="list-style-type: none">• Information Session on LUMS: 4 February 2009• Finalise individual meetings with all Traditional Authorities• Preliminary Scheme map inspections: 20 February 2009 – 13 March 2009• Continuous checking of scheme maps• Adoption by Council• Promulgation•

<ul style="list-style-type: none"> Demarcation of sites at Mariveni (200 sites) 	<ul style="list-style-type: none"> Service Provider appointed by Mopani District Municipality Introduced to Traditional Authorities and community Preliminary input on layout plan given to Service Provider on 23 October 2008 	<ul style="list-style-type: none"> Final comments on layout plan given 9 January 2009 Community resolution Await approved General Plan
<ul style="list-style-type: none"> Demarcation of sites at Mokgolobotho (1600 sites) 	<ul style="list-style-type: none"> Three Service Providers appointed by Department of Local Government & Housing Introduction to Traditional Authorities and community 	<ul style="list-style-type: none"> Layout plans discussed with Service Providers on 19 January 2009 Meeting with Department of Local Government & Housing, RAL and Service Providers on 10 February 2009 Community resolution Await approved General Plan
<ul style="list-style-type: none"> Subdivision of 3 sites in Dan Ext 2 	<ul style="list-style-type: none"> Service Provider appointed for subdivision 	<ul style="list-style-type: none"> Approved SG diagrams handed to Land, Property & Housing Division
<ul style="list-style-type: none"> Proclamation on Tzaneen Ext 78 (Adams Farm: Phase 1) 	<ul style="list-style-type: none"> Townships register opened in Deeds Office Proclaimed : 17 October 2008 	
<ul style="list-style-type: none"> Demarcation Tzaneen Ext 70 (Adams Farm: Phase 2) 	<ul style="list-style-type: none"> Service Provider appointed by Department of Local Government & Housing Layout plan submitted to Surveyor-General: December 2008 	<ul style="list-style-type: none"> Await approved General Plan Savage Jooste & Adams appointed to obtain various consent and open townships register Proclamation to be finalised

CHALLENGES: TOWN PLANNING DIVISION

- GTM projects not always in line with SDF growth points
- Insufficient water- & electrical capacity to provide services to approved sites & new townships
- Appeals against Council's decisions delay development
- Timeframes to obtain ROD's i.t.o. Environmental Impact Regulations delays development
- Timeframe to obtain Permits issued by DPLGH delays development
- Backlog : residential sites to be demarcated in Traditional Areas
- Above demarcation not always in conjunctions with provision of services and Housing allocations
- Timeframes to obtain General Plan i.r.o. demarcations
- Lack of cooperation with Service Providers on demarcations/ appointed by DPLGH or MDM
- Land ownership, especially on Traditional Land remains challenge for development
- Mapping by Manager Engineering Services
- Lack of communication in GTM: Internal & External
- Short notice to attend meetings and meet deadlines
- Lack of discipline in GTM : punctuality, requesting info or comments, keeping to timeframes, etc.
- **Vacant HOD position !!**

LOCAL ECONOMIC DEVELOPMENT

PROJECTS	ACHIEVED	CHALLENGES	FOCUS AREAS
AGRICULTURE	<ul style="list-style-type: none"> Held three (3) Land Claims Forum meetings Facilitated the Kgatla, Mokgoloboto, Makgoba and Banareng Land Claims Established a good working relationship with Department of Agriculture Assisted in facilitating the resuscitation of the Tours Coop now trading under Peppadew Assisted and supported the Mariveni Farmers Coop 	<ul style="list-style-type: none"> Commitment by the Land Claims Commission Finalization of the Land Claims processes 	<ul style="list-style-type: none"> Finalize the Terms of Reference on Partnerships (Dept. of Agriculture) Organize the quarterly Land claims meeting Ongoing support to Land Claims
FRUIT AND NUT	<ul style="list-style-type: none"> Submitted the final report to EU 	<ul style="list-style-type: none"> EU requirements for reporting Implementation of the outcomes of the study is slow 	<ul style="list-style-type: none"> Activate the Fruit and Nut Cluster Value Chain Working Group Greater Tzaneen Economic Development Agency (GTEDA) to start implementing the Business plans/ studies
TOURISM	<p>1. MEFAKENG</p> <ul style="list-style-type: none"> Managed to sustain the three Tourism Agencies (Muhlaba, Nkownakowa and Thabina) 95% completion of construction of the bhoma and 5 units at Muhlaba Developed business plans for the three nodal areas <p>2. EVENTS AND EXHIBITIONS</p> <ul style="list-style-type: none"> Attended the 1st Annual Tourism Indaba Attended the Getaway show Participated and funded the Tzaneen Culinary Festival Participated and exposed 10 SMME's to exhibit at the Letaba show <p>3. 2010 SOCCER WORLD CUP</p> <ul style="list-style-type: none"> Tzaneen selected as the suitable area to host the Public Viewing Events during the 2010 World Cup 	<ul style="list-style-type: none"> Slow construction Delays in finalizing the EIA and SLA N/A No budget allocation 	<ul style="list-style-type: none"> Focus on completion of the Muhlaba units in March 2009 Pursue the finalization of the EIA and SLA The Tourism Officer to start fully engaging in the day to day operations of the product Opening of Muhlaba in March 2009 Advertise tender for implementation of Thabina tented camps Continue to aggressively market and promote tourism in GTM Attend meetings Complete and execute the 2010 Strategy

INFORMAL TRADING	<ul style="list-style-type: none"> Officially opened the Tzaneng bus rank which incorporates the Hawkers Undertook a trip to Mbombela for best practice on Hawkers Finalized the final draft of the Hawkers study Developed database for Hawkers 	<ul style="list-style-type: none"> Internal role clarification on Hawkers 	<ul style="list-style-type: none"> Coordinate workshop to finalize Hawkers report Finalize the Hawkers report and submit to EU Facilitate the opening of market stalls in Lenyenye and Nkowankowa Update the Hawkers database
BUSINESS	<ul style="list-style-type: none"> Officially opened the Make plaza 	<ul style="list-style-type: none"> Database Monitoring 	<ul style="list-style-type: none"> Strengthen the relationship with Maake plaza management Forge relationships with business
OTHER			
GTEDA	<ul style="list-style-type: none"> Funded 2,5m by the IDC for establishment of Greater Tzaneen Economic Development Agency (GTEDA) Have a full operational Board for the Agency Finalized the SLA between GTM and GTEDA Officially launched the Agency and the logo 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Continuously support the Agency Continue to attend the quarterly Board meetings
SOCIAL	<ul style="list-style-type: none"> Assisted (First Lady Trust) in coordinating the Christmas Party for disabled and orphaned children 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Continue to support other social initiatives by Government
SMME SUPPORT	<ul style="list-style-type: none"> Held SMME awareness in partnership with DEDET at Lenyenye Community Hall Coordinated attendance by SMME for SEDA awareness in Polokwane 	<ul style="list-style-type: none"> Sustainability of the projects Monitoring of the projects 	<ul style="list-style-type: none"> Forge links with potential funders Strengthen relationships with other departments

LAND PROPERTY AND HOUSING DIVISION

VALUATION OF PROPERTIES

- PROPERTY RATES POLICY AND VALUATION ROLL IMPLEMENTED ON 01/07/2008
- 20% OF OBJECTIONS STILL OUTSTANDING
- VALUATION NOT DOWNLOADED BY FIJITSU STILL IN THE PROCESS OF BEING CAPTURED MANUALLY.
- PUBLIC NOTICE FOR REBATES, EXEMPTIONS AND EXCLUSIONS FOR 2009/10 ALREADY ADVERTISED AND SUBMISSIONS RECEIVED.
- PROPERTY TRANSFERS 01/07/08 TO DATE -372
- OBJECTIONS FROM THE PUBLIC = 1621
- MUNICIPAL OBJECTIONS = 1637

- LOW VALUE = 1040
- SLOW DELIVERY BY VALUER - MANPOWER

HOUSING

1. LIMPOPO CONSTRUCTION 2006/7 OVERLAPPED TO 2007/8 AND 2008/9

- 300 units Completed

2. BENEFITED BENEFICIARIES VILLAGES

- 50 units Motomeng, 1 extra not build
- 50 Madumane
- 53 Units Madumane
- 50 Units Morwasetla
- 97 Units Mabjepilong

3. DAN EXTENSION 1 & 2

Four developers are involved in the construction of Houses and one for services of 540 units.

Capensis 200 – completed wallplates only roofing left.

Khomanani 140 – wallplates, only roofing left.

Makhavani 100 – completed

Tsheleti 100 – wallplates only roofing left.

DISASTER PROJECT

20 units allocated

Nine wards benefitted

BLOCKED PROJECT

Pfunanani 150 units – only 103 will be unblocked recommendation to unblock all made to Department of Local Government and Housing.

Maphungubye = 200 units

Seolo 300 and 400 units

We are communicating with the Provincial and the National Department to unblock the units.

On the 12 February 2008 officials from Provincial and National Department together with Municipality visited the project.

MAMA BEKA

- All completed only 2 touch ups left at Ba-phalaborwa

UMSOMBOMVU

Project launched and 96 learners graduated
Arrangements will be made for those who did not meet their learning areas.

SOCIAL HOUSING AND COMMUNITY UNITS

The Department has establish National and Provincial steering committee and Mr Phakula and Mrs Mkhosana are sitting in the PSC

The Derpartment is planning to build community Residential units at Talana Hostel which include the fancing of the existing units and the repair of the vandalized administration block

MBAMBAMENCISI PROJECT 2008/9

500 units allocated
483 approved beneficiaries
Construction of houses has started

RURAL HOUSING 2008/9

Lephepane 100 units allocated
Mandlakazi 100 units allocated
Mariveni 50 units allocated
All beneficiaries approved

PHP PROJECT 2008/9 ALLOCATED TO FEDUP(NGO)

- Ward 5 allocated 100 units and all approved
- The implementation of the project is very slow.
- NH Phakula is sitting in the PSC (Lulu attend in the absence of Phakula)

CHALLENGES

- Properties not valued , we made submission for valuation .This will be captured in the interim valuation.

- Valuation not loaded by Fijitsu, we are loading manually. Recommendations: Valuation and billing system need to be properly aligned.

Housing

- Blocked projects are not addressing the total number of initial approved beneficiaries (Nwa -makuhani & Nwa-mzi)
- N & N developers claimed toilets at Rhulani Village, Kwetsi Village Masuma and Mopeng build by Mopani District through sanitation program.
- Lack of integration within the department in the implementation of projects e.g Dan Ext 1 & 2 Services are not involved in the monitoring plan in line with Township Development.
- The department is allocating few units of disaster housing as compared to the number of potential beneficiaries.

Lack of Personnel

- The Admin Officer for Housing not appointed.
- Currently is difficult to Mrs Mkhosana to execute all office work and monitoring of projects, from 2007 & 2009 we have been allocated more units.
- Admin Officer for Land section also not appointed, Ms J Mariri has been appointed as a clerk and is doing both.
- The HOD is forced to do both planning and administrative work to the extent of monitoring projects and conflict resolution and address day to day clients. This has negative implication on the planning activities and to the health of individual.

Youth, Gender and Disability Section

BUDGET – 2008/9

- OUR SECTION OPERATE A BUDGET OF R 420,000.00 FOR THE 2008/9 FINANCIAL YEAR.
- IN MOST CASES WE DIVIDE THE BUDGET AS FOLLOWS:

<input type="checkbox"/> YOUTH	: R 220,000.00
<input type="checkbox"/> GENDER	: R 100,000.00
<input type="checkbox"/> DISABILITY	: R 100,000.00

- AT SOME POINT WE ARE FORCED TO SHARE THESE BUDGET WITH CHILDREN AND ELDERLY ACTIVITIES/PROGRAMMES ALTHOUGH THEY DO NOT OFFICIALLY FALL WITHIN OUR SECTION
- IN TERMS OF OUR MUNICIPAL LOCAL YOUTH DEVELOPMENT POLICY, THE MUNICIPALITY IS EXPECTED TO SUPPORT THE EXISTENCE OF THE LOCAL YOUTH COUNCIL
- HENCE THE FOLLOWING IMPLEMENTED PROJECTS

ACTIVITY	DATE	AMOUNT
1. Greater Tzaneen Local Youth Council 4th Annual Youth Assembly 2008	30 – 31 August 2008	R 49,400.00
2. Mopani District SAYC Plenary 2008	4th – 5th November 2008	-----
3. Visit to Youth organizations in the four (4) clusters as per Annual Youth Assembly resolution . <input type="checkbox"/> Runnymede : Solomon Mahlangu Youth Project <input type="checkbox"/> Relela : New Stars Youth Club <input type="checkbox"/> Bulamahlo : Caring Together Youth Club <input type="checkbox"/> Lesedi : Dan Youth For Christ	22 – 24 October 2008	-----
4. Umsobomvu Youth Fund NYS Project 140 youth initially, and 94 graduated	2007 – 2009 Graduation – 11 February 2008	R 2,6 m

PROJECTS/ACTIVITIES FROM JUNE 2008 – FEBRUARY 2009

- WE ARE GLAD TO REPORT THAT AT LONG LAST THE UMSOBOMVU YOUTH FUND NATIONAL YOUTH SERVICE TRAINING FOR ALMOST 90 YOUNG PEOPLE HAS COME TO AN END.
- THE CHALLENGE REMAINS THE EXIST OPPORTUNITIES FOR THESE YOUNG PEOPLE.
- I THINK PED MUST TAKE A LEAD ON THIS PROCESS SO THAT WE DO NOT ASSIST YOUNG PEOPLE TO OBTAIN SKILLS BUT END UP ON THE STREET AGAIN.

Engineering Services



The Engineering Services Department's core function is sustainable service delivery to local communities. Focus on service delivery is centered on the marginalized i.e. the poorest of the poor.

The Engineering Services Department consists of the following sections:

- I Water and Sewer (maintenance)
- II Roads and Storm water (maintenance)
- III Building and Maintenance Section
- IV Mechanical Workshop Section

The PMU section forms an integral part of the Engineering Services Department .

The Tzaneen Purification Plant has also been upgraded to accommodate 8 mega liters.

Building and Maintenance Division

The following Building & Maintenance Projects were completed:

PROJECT NAME	ACTIVITY
Sedan PHP 100 Units	100% completed
Mama Beka 50 Units	50% completed
Civic: Electrician Section	Tiling work
Pioneer old age home no. 12	Termite treatment
Civic: Adult offices	Tiling work
Civic: Revenue offices	Tiling work
Civic: PED Offices	Tiling work
Checkers Ablution Block	Rebuild Wall

Georges Valley water Purification plant	Renovations
Haenertsburg Library	Renovations
Minitzani Ablution Block	Renovations
ESM – Civic Centre	Air-con repairs
Civic: Communication & Revenue	60% Tiling work
Offices: Mechanical workshop offices	Tiling

Although we were in the financial recovery plan and belt tightening, there has not been much activities that were happening.

PROJECT MANAGEMENT UNIT

PROJECT STATUS FOR THE FINANCIAL YEAR 2008/2009

PROJECT NAME	STATUS	PHYSICAL COMPLETION
Leolo to Maake access road	Complete	100%
Tzaneen Landfill phase one	Complete	100%
Tzaneen Landfill phase two	Complete	100%
Tzaneen Rural waste removal phase one	Complete	100%
Tzaneen Rural waste removal phase two	Complete	92%
Mamitwa taxi rank	Construction	30%
Marironi access road	Construction	50%
Sedan internal street	Construction	65%
Marumofase access road		0%
Lesaka access road	Construction	35%

Department as it serves as a support function for engineering Services Department hence its location in Engineering Services Department.

A lot has happened in this department as the mandate of this department is to reflect visibility of service delivery to local communities.

The Engineering Services Department has in the past financial year been geared for an integrated approach with both sector and internal departments to avoid duplication of projects, this is evident with Greater Tzaneen Municipality receiving the first runner up in the sanitation project and silver award from the Impumelelo competition i.e. Mawa peoples housing process.

The main intention is to strive for dedication, commitment and proper workmanship while at the same time delivering to the marginalized.

Water and Sewer

Greater Tzaneen Municipality during financial year 2008/2009 has been able to implement the following:

Water

- ▶ 210 New water meters connected
- ▶ Replacement 215 redundant meters
- ▶ 980 Cut-off water meters and 970 meter reconnected.
- ▶ 4 Tankers are running 7 days a week for provision of water to funerals and villages

Sewer

- 210 New sewer connections have been installed in the Greater Tzaneen area.
- 3000 Sewer blockages have been attended to in the Greater Tzaneen Municipality area.
- Maintenance was done on 450m of sewer lines in the Greater Tzaneen Municipality's area of jurisdiction.
- A Honey Sucker is used to service the Letsitele Town and Farms and transported to Nkowankowa sewer plant.

Although we were in the financial recovering plan and belt tightening there has not been much activities that were happening.

The 100 housing units allocated for Sedan PHP were successfully completed. The construction of services and 540 units at Dan extension has also started. Civil services are nearly completed.

ROADS AND STORMWATER DIVISION

RULAMAHLO AND LESEDI CLUSTER

The work done during last financial year was:

1. Re-gravelling of Internal roads and 271,202 kilometers were done.
2. 54,538 Kilometers of funeral roads were done.
3. Sand seal road was done at Lefara and 1,80 km was tarred.
4. 2,100 Kilometers of stone pitchings was done – the cost was R1 200 000.00.
5. Re-gravelling at Lushof at the cost of R500 000.00.

RELELA AND RUNNYMED

1. 5 Kilometer of re-gravelling of road at Mawa village was completed.
2. Internal streets re-gravelling and 342.593 kilometres were done and 279,085 funeral roads were done.
3. Low level bridges were built at Ga-Wale, Block 7, Pjapamela and Motupa.
4. Sand seal road is being constructed at moleketla village. 900m – R1 000 000.00
5. Preparations for inauguration of Mamitwa Chief at a cost of R500 000.00.

Financial Services



Multi Year Budgets (3 Years)

- The 2009/2012 Preliminary, Operational and Capital Budgets, which are based on the new financial structure as prescribed by National Treasury have been drafted, approved and submitted to National Treasury for notification.
- The contents of the budgets and the budget processes that were followed are according to the requirements as set out in chapter 4 of the Municipal Finance Management Act.

Internal Processes

All Financial / Accounting records are updated on a monthly basis.

Financial Reporting

All the Financial Reports required by the MFMA are completed and submitted to the MEC, NT, Mayor and Council on or before the dates stipulated in the Act.

Financial Statements

- The 2007/2008 Financial Statements were compiled during August 2008 in accordance with the new format required by National Treasury.
- The Financial Statements have been hand delivered to the Auditor, National Treasury and MEC on 29 August 2008.

Performance for the first half of 2007/2008

Debt Moratorium strategy

This strategy was successfully implemented from 1 July 2006 as a mechanism to encourage users of municipal services in Nkowankowa and Lenyenye to pay for the services rendered and also to write off outstanding debts of those users who participate in the programme and who do not default on the payments. The strategy was developed in order to achieve the objective of enhancing revenue collection at the same time writing off outstanding debts. The registration and participation rate of 61% was achieved which resulted in improvement of payment rates from 6% and 14% in Nkowankowa and Lenyenye respectively and the writing off of debts as irrecoverable to the value of R5.7 million.

Targeted client are continuing to register and participate, however it shows that there are still a number of clients who are not well informed about this strategy and therefore public participation still need to be conducted in the new financial year.

Meter Reading Service

The meter reading service has shown a dramatic improvement during the first half of the 2007/2008 financial year with an average of 98,91% of all meters being read on monthly basis. This has resulted in a reduction of the number of queries received in relation to meter reading. The effectiveness of the meter reading service can also be seen with the actual income billed from metered services like water and electricity services where the actual income billed is 8% more than projected income for the 2007/2008 financial year as at 28 February 2008.

Procurement

Multifunctional copiers were installed to reduce expenditure.

Voice over IP phones were purchased and implemented at the new Nkowankowa testing ground as a pilot project and has been

working well with limited down time. The IP phones will therefore be extended to all outdoor sites in the next financial year to reduce down time and costs spent on Telkom lines.

Supply Chain Management

A Supply Chain Management unit has been established within the Budget and Treasury office. This unit will be responsible for all procurement processes of the Municipality. Council has in this regard approved a Supply Chain Management Policy to regulate activities of the unit. All the officials engaged within the unit have undertaken the training offered by SAMDI for Municipal Supply Chain officials. The head of the unit has been appointed who also chairs the aduducation committee.

Financial Recovery Plan

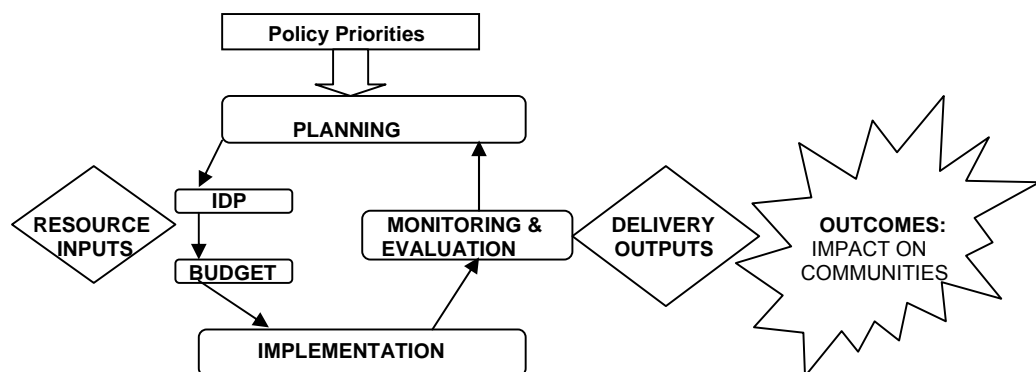
An internal financial recovery plan was in place during the financial year. This plan was intended to ensure that the municipality is returned to financial viability. The plan was submitted to both Provincial and National Treasury and the Department of Local Government. A team has been set up comprising of officials from these institutions and the municipality that are responsible for ensuring that the recovery plan bears the intended fruit.

POLITICAL PRIORITIES AND LINKAGES TO THE IDP

The political priorities form part of the strategic map of Greater Tzaneen Municipality and includes inter alia the following critical priorities.

- Addressing poverty, unemployment and skills shortage.
- Addressing infrastructure backlogs
- Improving service delivery, etc.

The process that was followed to ensure that the abovementioned political priorities are linked with the IDP and budget is as follows:



All the operating and capital projects in the 2008/2009 reviewed IDP have been evaluated through our prioritization system to ensure that the IDP, budget and performance targets are aligned. The IDP forms the basis of this process and all resources are focused on combining the different strategies in attaining our vision.

SERVICE DELIVERY STANDARDS, LEVELS OF SERVICES, OUTCOMES, TIMETABLE FOR ACHIEVEMENT AND FINANCIAL IMPLICATIONS

With regard to service delivery standards Greater Tzaneen Municipality endeavours to realize the following values.

- Give priority to the basic needs of the community
- Promote the development of the community
- Ensure that all members of the Local Community have access to at least the minimum level of basic Municipal services.

With regard to the levels of services currently rendered in our area of jurisdiction we are convinced, although much more needs and will be done, that Greater Tzaneen Municipality is one of the leading Municipalities in the country.

The level of the different services currently rendered by Council can be summarized as follows:

Waste Management

- Level of Service

A full curbside collection service is rendered to communities in Tzaneen, Nkowankowa, Lenyenye, Letsitele and Haenertsburg, which represents only 11% of all households. All general and health care waste are also removed from viz: Tzaneen, Nkowankowa, Lenyenye, Letsitele, Haenertsburg (at present 300 000m³).
- Backlogs
 - » 0% of households in the total rural areas, representing +- 80034 households, receives a curbside collection service.
 - » The cost to address the service in full with immediate effect, will be approximately R40 million for all 125 x Villages.

- Waste Minimization
 - ◇ The following production of refuse exists in the Greater Tzaneen Municipality area, resulting in a life-span of +- 20 years for the landfill site.
 - ~ Volumes generated = 200 000m³ p.a.
 - ~ Capacity of the Landfill = 1 600 000m³
 - ~ Compaction = 5:1
 - ◇ The landfill site is presently utilized as a Regional landfill receiving solid waste from Tzaneen and Greater Letaba. (Modjajieskloof)
 - ◇ Presently all organic waste (Garden) is treated at the composting site adjacent to the landfill. (Presently +- 30 000m³)
- Litter Picking. (Main Roads & Streets)
 - » All streets and main roads are cleaned on a regular basis.
- Recycling
 - » Recycling takes place at the source of origin and are removed by private enterprise from industrial and business premises. (31 000m³ p.a.)
 - » Recycling at the Tzaneen Landfill (16 800m³ p.a.)
The Services must be extended to include:
 - + - 125 Villages of another 80034 residential stands, which are situated within the jurisdiction area of Greater Tzaneen Municipality.
 - » The mandate of Greater Tzaneen Municipality is to:
Provide all households with a basic removal service.

Water and Sewer Services

Level of Service

■ Purifying of Water

The purifying of water by Greater Tzaneen Municipality is done in Tzaneen and Letsitele at a 100% efficiency level. The other areas which include Haenertsburg, Nkowankowa

and Lenyenye are served by MDM as water services authority.

Boreholes are mainly used to augment the non-functional reticulation system in the Rural areas. Although a few of these boreholes are non-functional due to vandalism and theft, Council supplies water to the rest of the Rural community through water tankers.

■ Purifying of Sewer

Purifying of sewer by Greater Tzaneen Municipality is done in Tzaneen, Nkowankowa and Lenyenye. The sewer service at Haenertsburg is by means of a septic tank system and the service at Letsitele is by suction tank system. All other areas are utilising pit latrines.

■ Maintenance of water and sewer networks

A 100% maintenance service is rendered by Greater Tzaneen Municipality to the following towns:

- ~ Tzaneen
- ~ Nkowankowa
- ~ Lenyenye
- ~ Letsitele
- ~ Haenertsburg

MDM runs the maintenance in the rest of the areas, but the service will be transferred to Greater Tzaneen Municipality on 1st July 2009.

Electricity

Tzaneen has the options of power delivery in single or three phase form. Pilot projects with pre-paid dispensers are also currently underway, which constitutes a possible future third option.

The Municipalities licensed distribution area is basically 98% electrified, with some minor farm labour electrification ongoing projects in progress, whilst where the Municipal area overlaps with the Eskom licensed distribution area, these areas are 70% electrified.

Power provision is on a 24 hour basis with minimal interruptions due to faults and maintenance, due to lack of funding for operational and capital activities systems integrity is being negatively affected.

The issue of FBE (Free Basic Electricity) to our indigent people has been fully addressed by Council and is implemented as far as the Eskom administrative constraints will allow.

FREE AND SUBSIDIZED BASIC SERVICES AND THE FINANCIAL IMPLICATION

The National guideline to determine indigent households are all households earning less than an average of R1 100,00 per month. This is R13 200,00 per year.

The actual threshold of Greater Tzaneen Municipality is R1 600 pm.

This budget has been drafted in such a way that it accommodates indigent households and assists poor people.

The financial implication to accommodate the social package amounts to R2.5 million.

FISCAL STRATEGY, FINANCIAL POSITION CONSTRAINTS, ONGOING VIABILITY AND SUSTAINABILITY

Greater Tzaneen Municipality experience cash flow problems to the extent that a financial recovery plan had to be implemented. A Financial recovery plan must supersede all other plans, ie:

The IDP and Budget that are currently in place until the financial problem had been resolved. It proved a challenge to implement this since the recovery plan and the budget were still seen as different documents and most people worked as per the budget. It was therefore felt that it would be beneficial if the principles of the financial recovery plan were worked into the budget and the SDBIP. This was the reason why no increase was affected on the previous budget and the current proposed budget for 2009/2010. It was additionally agreed that in order to better measure the performance of the different project teams the activities as per those projects should form part of the scorecards of the different Managers. This would ensure that performance assessment would measure how well the particular Manager was doing in meeting the objectives of the financial recovery plan.

The following can be highlighted with regards to the activity plan:

- Monitoring: The Municipal Manager has scheduled individual meetings with different departments to assess their performance with regards to activities that related to their departments on the financial recovery plan. This is done as a preparation to the monthly meetings that are held

with the Department of Local Government and Housing to assess performance on the plan.

- Expenditure control: As part of containing expenditure it has been agreed that all departments should reduce their printing and telephone cost by at least 10%. Towards this end it has additionally been agreed that call limits would be set for each user. These were previously set at R250 per month but have been adjusted down to R200 per month.
- Auction: The first auction has already been held and an amount of R2,2 million realized from that. The second auction, which should have taken place in November 2008, could not proceed due to the limited number of items available for disposal.
- Plan for cost recovery in rural areas: A project team headed by the PED Manager has been set up to come up with strategies to address this in the next financial year.
- Funding for unblocking development: A project team headed by the Electrical Engineering Manager has been set up to source funding to address the infrastructural backlogs of the Municipality.

It is confirmed that while everything possible will be done to contain the current expenditure all efforts will be directed at obtaining additional sources of revenue. The following two ways will be pursued in this regard.

- Fast-tracking the project of cost recovery in rural areas.
- Obtaining funding for unblocking development in the Municipality

The long-term financial plan (Five year financial plan) aims at ensuring that certain critical viability targets are met and it focuses on inter alia financial viability, revenue raising strategies and debt collection.

To promote financial viability Greater Tzaneen Municipality has put in place proper benchmarking and a best practice model to ensure that the financial goals and objectives of Council are met.

The following best practices are already in place:

- Compliance with all Financial Legislation, Regulations and Policies of Council.

- Implementation of the Code of Conduct for Employees
- Compliance with GAMAP statements, GRAP Standards and accounting principles set by the Accounting Standards Board.

AMENDMENTS TO THE IDP, BUDGET RELATED POLICIES AND NOTEABLE BUDGET ASSUMPTIONS

Section 25 of the Local Government Municipal Systems Act, Act 32 of 2000 requires that each Municipal Council must adopt a single, inclusive and strategic plan for the development of the Municipality. This plan must link, integrate and co-ordinate plans and it should take into account proposals for the development of the Municipality.

Section 34 states that the IDP must be reviewed annually and it may be amended. The IDP of Greater Tzaneen Municipality has been reviewed and the allocation for capital projects has been set at R148 million. The projects included in the 2009/2010 Capital budget are contained in **Section 5.13** of this report.

SELECTED HIGHLIGHTS FROM THE CAPITAL PROGRAMME AND ELIMINATION OF BACKLOGS

The performance targets identified in Councils IDP process includes the upgrading of Council's electricity distribution network. The result of this was the resolution taken by Council to approve a 10 and 5 year program to rehabilitate the electricity distribution system. Council also resolved to make R47 million available during the 2009/2010 financial year for the upgrading of its electricity distribution network.

Council is also informed that an amount of R33 million has been allocated to Greater Tzaneen Municipality as a MIG allocation to eliminate backlogs.

4.2 Budget Schedules (Operating and Capital)

The budget schedules to be approved by Council are attached hereto as **Schedule 1 to 4**.

4.3 Budget Related Charts

Budget related charts are attached hereto as **Annexure "A"**.

5. SUPPORTING DOCUMENTATION (Budget Report)

5.1 Budget Process Overview

Financial planning or resource allocation is about splitting financial resources amongst competing priorities, accomplished by taking into account the policy priorities decided at the political level on the one hand and the financial constraints on the other hand. Resources should also be allocated in such a way that it is linked with programme goals and objectives, and that the policy objectives are achieved.

Political Oversight of the Budget Process

Section 53(1)(a) of the Municipal Finance Management Act determines that the Mayor must provide general political guidance over the budgetary process and the priorities that must guide the preparation of the budget.

Section 21(1) of the Municipal Finance Management Act further states that the Mayor of a Municipality must co-ordinate the processes for preparing the annual budget and for reviewing the Municipalities Integrated Development Plan and Budget related policies, to ensure that the tabled budget and any revisions of the Integrated Development plan and Budget related policies are credible. This section also stipulates that the Mayor must at least 10 months before the start of the budget year, table in Council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

Over the past decade Council approved strategies which we believe will address both causes and symptoms of poverty in a sustainable manner. Policies were approved to support these strategies and a Integrated Development Plan was approved and reviewed to ensure that the needs of all Communities are captured, evaluated and addressed.

It must however be emphasized that the key to strengthening the link between priorities and departmental plans lies in enhancing political oversight of the IDP and Budget process.

The Mayor and Councillors have, through the IDP process, guided the 2009/2010 budget process in such a manner that the balance between policy priorities and fiscal realities resulted in a balanced budget.

Schedule of Key Deadlines Relating to the Budget Process

The IDP and budget time table was approved by Council on 26 August 2008 item A16, 10 months before the start of the budget year in order to comply with the requirements of the MFMA. This time table guides all IDP, Budget, SDBIP and performance activities and is in line with legislative frameworks.

The following table provides a schedule of key deadlines relating to the budget process.

DATE	ACTIVITY	RESPONSIBILITY
1 Sept 2008	Announce new IDP/Budget schedule	Municipal Manager
29 Aug 2008	Review IDP status quo phase 1	Municipal Manager
5 Oct 2008	Submission of Community needs	Municipal Manager
29 Sept 2008	Review strategies, KPI's & Objectives	Municipal Manager
28 Oct 2008	Prioritization of projects	Municipal Manager
21 Jan 2009	Budget Request to CFO	All Managers
11 Feb 2009	Finalize detailed budget, IDP and sector plans	CFO, IDP Manager MM and All Managers
24 Feb 2009	Exco adopts draft budget and changes to the IDP	Exco
March 2009	Public Hearings	CFL and Councillors
30 Apr 2009	Budget and IDP to Finance study group	CFO & MM
26 May 2009	Mayor tables budget & IDP to Council	Mayor
5 June 2009	Submission of approved IDP to MEC for Local Government	Municipal Manager
5 June 2009	Submission of budget and SDBIP to NT and the MEC	CFO

The tabling of the draft 2009/2010 budget on 24 February 2009 has been followed by publication of the budget documentation and public participation which took place during May 2009.

Process Used To Integrate the Review of the IDP and Preparation of the Budget

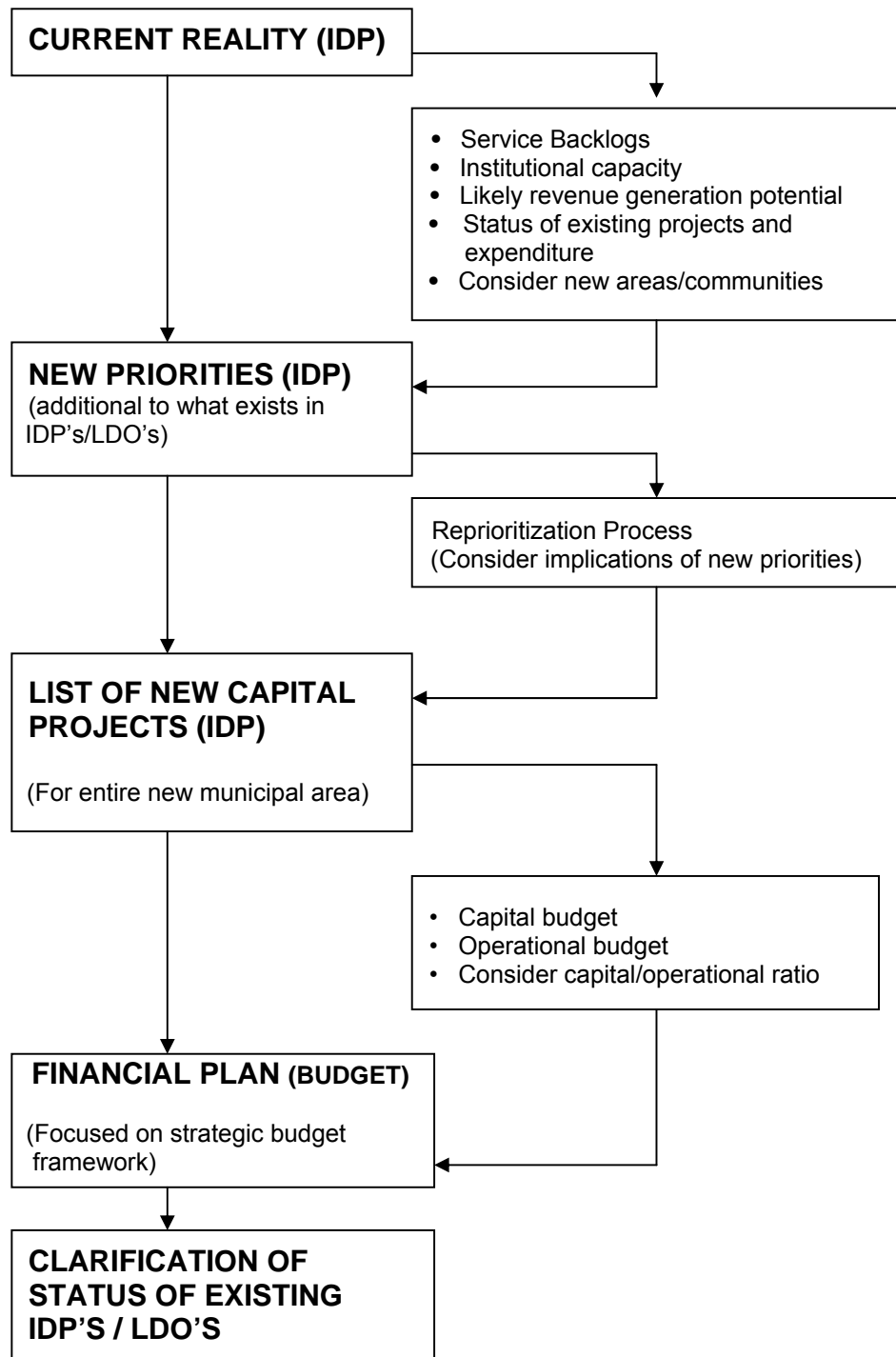
Chapter 4 sections 16 and 17 of the Local Government Municipal Systems Act 32 of 2000 determines inter-alia that a Municipality must develop a culture of Municipal Governance with a system of participatory Governance. The Municipality must also encourage and create conditions for the local community to participate in its affairs, which include Integrated Development Planning and the Budget process, and it must be achieved through political structures.

The review of the IDP and drafting of the budget is an evolving and interactive process over a 10 month period. This process commences with the approval of the IDP and Budget time table, followed by the public participation process, approval of the IDP and the drafting of the budget to determine the affordability of service delivery.

In contrast to the role planning has played in the past, Integrated Development Planning is now seen as a function of Municipal Management which includes a system of planning and delivery. The Integrated Development Planning process is meant to arrive at decisions on issues that need to be provided for in Municipal budgets. Integrated Development Planning not only informs management, it also guides the activities from the planning stage through the budget culminating in the execution thereof.

The table below is a summary of the IDP/Budget methodology used by Greater Tzaneen Municipality.

INTERIM IDP/BUDGET METHODOLOGY (1-2 WORKSHOPS)



To comply with the requirement of the Act, Ward committees, residents, community organizations and other stakeholder interest groups, have been invited to participate in the IDP and budget process.

Process for Consultations With Each Group of Stakeholders and Outcomes

Section 22 (1) of the Municipal Finance Management Act determines that:

“22 PUBLICATION OF ANNUAL BUDGETS

Immediately after an annual budget is tabled in a Municipal council, the Accounting Officer of the Municipality must:-

in accordance with Chapter 4 of the Municipal Systems Act –

*make public the annual budget and the documents referred to in section 17(3); and
invite the local community to submit representations in connection with the budget; and*

submit the annual budget:-

*in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury; and
in either format to any prescribed National or Provincial organs of state and to other Municipalities effected by the budget.”*

The draft budget have been made available on Greater Tzaneen Municipalities website and it was advertised in two local newspapers stating that the draft budget is available for public scrutiny.

Public hearings have been held which included all 34 wards. The meetings were held during May 2009. As per the list below.

Timing Number and Type of Consultation

Ward	Venue	Time	Date
01	Masupa High School	10:00	23-05-09
02	Mawa Primary School	10:00	23-05-09
03	Mmokobo Secondary School	10:00	23-05-09
04	Mdingazi Secondary School	10:00	23-05-09
05	Mahwahwa High School	10:00	23-05-09
06	Runnymede MPCC	14:00	23-05-09
07	Botludi Primary School	14:00	23-05-09

08	Thusong Com Centre	14:00	23-05-09
09	Kgwekgwe High School	14:00	23-05-09
10	Mohlatlego Machaba H/School	14:00	23-05-09
11	Mapula Primary School	14:00	23-05-09
12	Baloyi Tribal Offices	14:00	23-05-09
13	Mandlahazi Sports Ground	14:00	23-05-09
14	Politsi School	10:00	21-05-09
15	Laerskool Tzaneen	10:00	21-05-09
16	Haenertsburg	10:00	21-05-09
17	Sebone School	18:00	19-05-09
18	Ponani Primary school	10:00	24-05-09
19	Nkowankowa Community Hall	18:00	19-05-09
20	Mavumba Primary	10:00	24-05-09
21	Bombeleni School	18:00	20-05-09
22	Moshango Ville	10:00	24-05-09
23	Dr. annecke Primary	10:00	20-05-09
24	Sasekani Creche	10:00	24-05-09
25	Professor	10:00	24-05-09
26	Nsolani Ware House	10:00	24-05-09
27	Bulamahlo MPCC	10:00	24-05-09
28	Rhandzacece Creche	14:00	24-05-09
29	Semana Primary School	14:00	24-05-09
30	Napscom	14:00	24-05-09
31	Lenyenye High Primary	18:00	20-05-09
32	Sekaba High School	14:00	24-05-09
33	Batlhabine Tribal Offices	14:00	24-05-09
34	Lesedi MPCC	14:00	24-05-09

Process for Tabling the Budget in Council for Consideration and Approval

The tabling of the draft budget in Council on 24 February 2009 was followed by extensive publication of the budget documentation in newspapers. It was also published on Council's website.

In terms of the Municipal Systems Act and in conjunction with the MFMA, public hearings on both the operating and capital budgets were held during May 2009.

The 2009/2010 draft budget was reviewed and the final budget is tabled in accordance with section 24(1) of the MFMA, which determines that the Municipal Council must, at least 30 days before the start of the budget year, consider approval of the annual budget.

After approval of the annual budget, the budget and relevant documentation will be submitted in both printed and electronic

format to the National Treasury and the relevant Provincial Treasury to comply with section 24(3) of the MFMA.

Finally it will then be communicated to the community through publications and radio interviews.

Process to Record and Integrate Inputs from the Community in the Final Budget

During the consultative process all verbal questions and answers have been recorded.

All written submissions have been directed to the PED Manager who keeps record thereof.

All the submissions received during the consultation process have been submitted to the Mayor and were considered before the tabling of the final budget today.

Statistics Relevant to the Process (Submissions Received and Attendance at Forums)

On completion of the consultation process the PED Manager submitted a summarized report to the Chief Financial Officer who scrutinized the report and the Mayor, Municipal Manager and Chief Financial Officer determined what course of action has to be taken to address the concerns/needs of the community. Some of the requests are included in this budget.

5.2 Alignment of Budget with Integrated Development Plan

The Vision of Greater Tzaneen Municipality

To be the fastest growing Economy in Limpopo, which will ensure access to basic services to every household.

Strategic Focus (Key Performance Areas)

The strategic focus, or strategic theme, as it is known in Greater Tzaneen Municipality is an area of strategic focus that will enable Council to focus on achieving its strategic intent. Greater Tzaneen Municipality has followed the initiative from Provincial Government

and District Municipality to align the strategic themes to that of the provincial clusters.

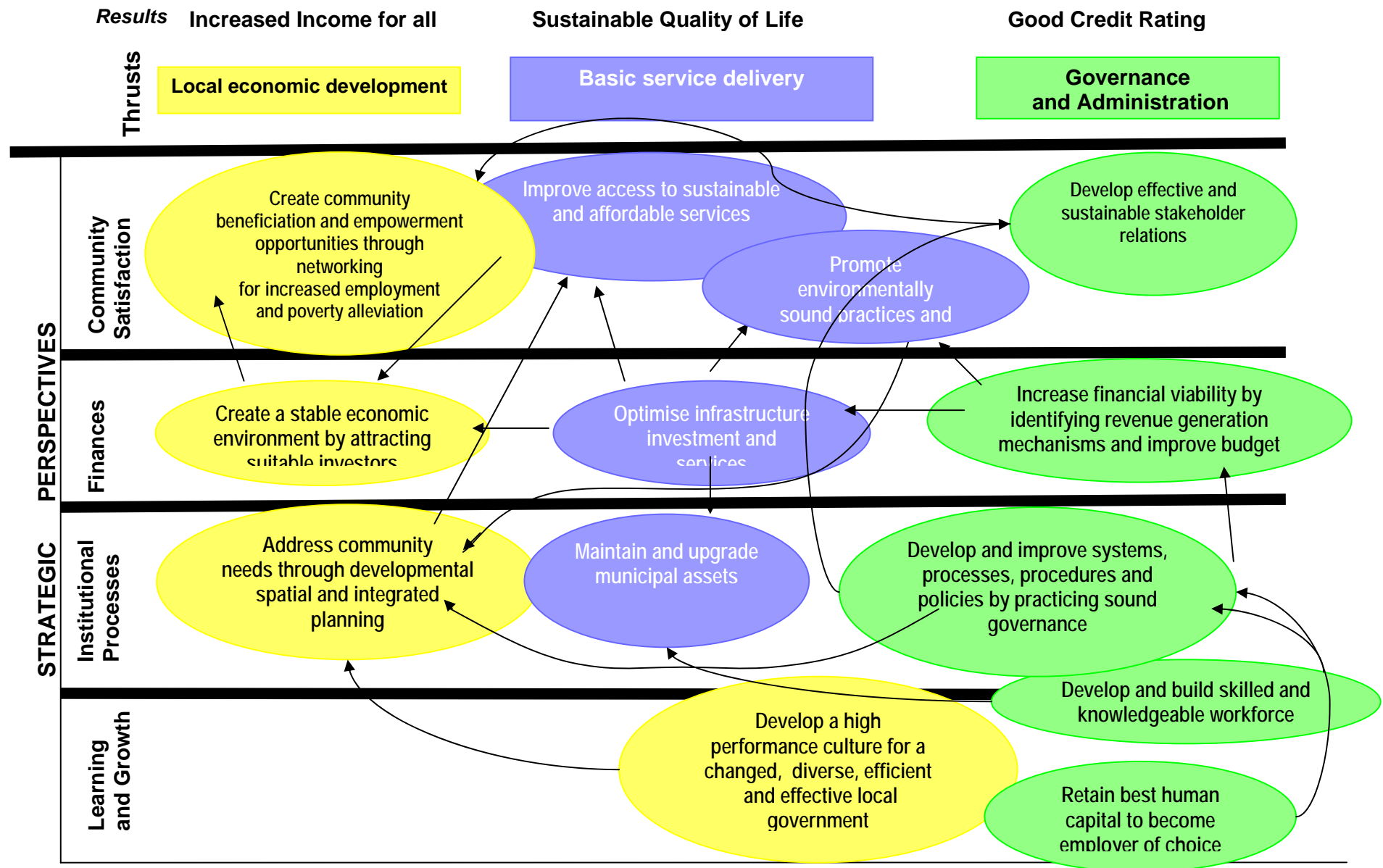
- » Economic growth (Increased income for all)
- » Social environmental sustainability and infrastructure development (Sustainable quality of live)
- » Governance and administration (Good credit rating)

These three themes are closely aligned to the five Key Performance Areas identified by DPLG (Local Government: Municipal Performance Regulations for Managers Directly accountable to the Municipal Manager, 2006) and can be compared by the table below:

Themes and DPLG KPI's

THEME	DPLG KPI
Economic Growth	Local Economic Development
Social, Environmental sustainability and infrastructure development	Basic Service Delivery
Good Governance	Municipal transformation and Organizational Development
	Financial Viability
	Good Governance and Public Participation

Greater Tzaneen Municipality has identified objectives that will assist and enable them to reach the outcomes as indicated in the paragraph above. These objectives are identified taking into consideration the themes as stated above as well as the four perspectives of the BSC methodology. This matrix can be graphically presented as the Strategy Map of Greater Tzaneen Municipality. This map (Strategy Map) will ensure that the Municipality focuses on all relevant and required aspects as indicated by their mandate as a Local Government Institution.



Medium and Long-Term Goals (The next three years and beyond)

Greater Tzaneen Municipality is currently facing financial challenges which have been identified for some time, along with some measures previously implemented to address these problems. These measures include the decision by the Municipal Manager during the past financial year to embark on a financial “belt-tightening” exercise. Subsequent to that a report was submitted to the Mayor indicating the nature and extent of the challenges facing our Municipality.

It was then realized that the problem was serious and that quick win interventions had to be developed post haste to remedy the problem. These interventions could include, inter alia, liquidating the Municipalities investments and refinancing its long-term loans. It was however agreed that departments would devise their own quick-win suggestions. The result of these interventions was the development and implementation of a Discretionary Financial Recovery Plan to prevent a possible intervention by the Provincial Executive in terms of Section 141 of the MFMA.

The point of departure was the increasing of Council’s overdraft facility of R5 million to R20 million to ensure that Eskom and other Creditors could be paid.

The Financial Recovery Plan was also submitted to Provincial Treasury and National Treasury for comments after which meetings were held with these departments to discuss the way forward.

The short-term goal of Council is to eradicate the overdraft of +- R20 million.

The programs prioritized by Greater Tzaneen Municipality to achieve the medium and long-term goals are the following:-

- Cost Recovery
- Economic growth and investment strategy
- Marketing
- Integrated IDP
- Arts and Culture
- Visible Policing
- Environmentally Sustainable Programmes

Alignment with National, Provincial and District Plans

An Integrated process plan (commonly known as the IDP), Budget and Performance calendar was drafted and approved by Council on 26 August 2008. This plan which includes various processes i.e. Strategic Planning, Integrated Development Planning and the budget process had brought about a collective approach in which the contributions of all the stakeholders are valued.

Various meetings were held with stakeholders to comply with the requirement of the Local Government Municipal Systems Act which determines that the planning undertaken by a Municipality must be aligned with, and compliment the development plans and strategies of affected Municipalities and organs of state.

Measurable Performance Objectives

The measurable performance objectives are contained in item 5.9 of this report.

Prioritization System

The 2009/2010 Integrated Development Plan of Greater Tzaneen Municipality focuses on three strategic focus areas.

The process commences with an organizational assessment followed by a review of the strategy map of Greater Tzaneen Municipality. This includes the review of strategic objectives, strategies, programmes and projects. KPI's are also identified for each strategy. For each project a set of activities and tasks will be developed to lead budgeting and the cost estimation.

Consultative Process Undertaken to Review the IDP

To ensure integrated and focused service delivery between all spheres of Government, Greater Tzaneen Municipality embarked on a consultation process to align its budget priorities with that of National and Provincial Government. This process is based on information sharing and alignment of priorities.

In addition to the involvement of the sector departments, workshops have been held in all 34 Wards to obtain their inputs.

Link between the IDP and Budget

As mentioned previously in this report the budget of Greater Tzaneen Municipality is informed by and aligned to the objectives in the IDP.

The budgetary allocations for both the capital and operating expenditure are determined in a manner that will not only ensure that the outcomes of the IDP are achieved, but also that Council's vision is realized.

The Performance Management System (PMS) which is aligned with the IDP and Budget also allows Council an opportunity to monitor and evaluate the organisational performance as well as individual performances of Managers and HOD's to ensure that the IDP outcomes and vision of Council is met.

The link between the IDP and Budget is attached hereto as Annexure "k".

5.3 Budget Related Policies Overview and Amendments

Revenue Framework

It is required from Municipalities to table a balanced budget and according to section 18(2) of the MFMA the revenue projections in the budget must be realistic, taking into account the projected revenue for the current year based on collection levels to date and actual revenues collected in previous financial years.

The revenue estimates of this budget have been drafted taking into account previous collection levels as well as the needs of the residents and communities.

Budget revenue provisions have been based on actual revenue received during previous years.

Property Rates

Property rates are used to fund services that benefit the community as a whole as opposed to individual households. These include maintaining streets, roads, sidewalks, storm water drainage, buildings, parks and recreational facilities. It is also used to fund administration costs such as stationary, insurance, meetings and

the Councillors allowances. In short this revenue is used to accommodate all expenditure which is not financed by metered services such as electricity, water, sewerage and refuse removal.

Electricity

This service is classified as a trade service therefore provision must be made for a surplus.

Certain services provided by local authorities are regarded as business or trading undertakings with the objective of making a surplus. Municipal trading services are therefore regarded as services of which the tariffs are fixed in such a way that the provision of the services should yield a trading surplus. The classification depends on the intention behind the service and whether the public normally has a choice as to the extent to which the service is used. The Council's trading services are electricity and water.

Refuse Removal

Seeing that this service is classified as an economic service, provision must be made to recover the expenditure. Economic services are services of which the tariffs are fixed in such a way that the full costs of providing them must be recovered.

This service has however been extended to the rural area and an amount of R8 million is allocated from the equitable share, to accommodate the cost.

Sanitation

This service is also classified as an economic service and the same principles are applicable as above.

Water

Water which is also a trade service is a scarce resource therefore the tariffs have been structured in such a way that it becomes more expensive the more water is consumed. The first 12kl water consumption will also not be free of charge for all users. The indigent will however get the first 12kl consumption free of charge.

This service has been transferred to Mopani District Municipality and should Council approve the budget and tariffs it will be submitted to MDM for approval and submission to National Treasury. This service will be transferred back to Greater Tzaneen Municipality.

Tariffs

The MFMA requires from Municipalities to adopt and implement a Tariff Policy. To comply with this requirement of the Act, Greater Tzaneen Municipality drafted a Rates Policy which was approved by Exco. The Policy addresses inter-alia the following:

- The Strategic Focus
- Equity
- Affordability
- Poverty Alleviation
- Limitation of rates increases
- Valuation of rateable properties
- Property not rated
- Rebates and
- Exemptions

The other budget related policies mentioned below are available on request and on Council's Web-site.

- Credit Control and Debt Collection Policy
- Equitable Share and Indigent Policy
- Investment Policy
- Supply Chain Management Policy

Policies that still need to be drafted are:

- » Free Basic Services
- » Virement, Adjustment budget, Unforeseen and Unavoidable expenditure.
- » Long Term Financial Planning
- » Infrastructure Investment and Funding

Operating Budget 2009/2010

The table below shows the 2008/2009 Operational Budget as well as the 2009/2010 and the two projected coming years 2010/2011 and 2011/2012 budgets.

Inc/Exp	Item	2008 2009	6 Months to December	2009 2010 BUDGET2	2010 2011 Budget	2011 2012 Budget
1-Inc	001PROPERTY RATES	-45,132,994	-37,093,016	-51,760,175	-54,348,184	-57,065,593
	003PENALTIES IMPOSED AND COLLECTION CHARGES ON RATES	-1,500,000	-808,671	-1,500,000	-1,575,000	-1,653,750
	005SERVICE CHARGES	-217,713,620	-117,227,478	-263,210,804	-276,371,344	-290,189,911
	009RENT OF FACILITIES AND EQUIPMENT	-421,324	-213,018	-458,914	-481,860	-505,953
	011INTEREST EARNED - EXTERNAL INVESTMENTS	-2,700,000	63,761	-1,650,000	-1,732,500	-1,819,125
	012INTEREST EARNED - OUTSTANDING DEBTORS	-5,500,000	-3,019,918	-6,000,000	-6,300,000	-6,615,000
	016FINES	-1,672,907	-335,626	-730,707	-767,242	-805,604
	018LICENSES & PERMITS	-222,500	-145,765	-226,375	-237,694	-249,578
	020INCOME FROM AGENCY SERVICES	-26,194,740	-13,752,470	-32,743,425	-34,380,596	-36,099,626
	022OPERATING GRANTS & SUBSIDIES	-128,342,609	-64,963,767	-226,487,609	-234,776,189	-246,514,998
	024OTHER REVENUE	-738,468	-574,694	-1,075,185	-1,128,944	-1,185,391
	026GAIN ON DISPOSAL OF PROPERTY PLANT & EQUIPMENT	-1,500,000	0	-1,500,000	-1,575,000	-1,653,750
	031INCOME FOREGONE	7,558,095	54,220,673	7,784,838	8,174,080	8,582,784
1-Inc Total		-424,081,067	-183,849,990	-579,558,356	-605,500,473	-635,775,496
2-Exp	051EMPLOYEE RELATED COSTS - WAGES & SALARIES	108,079,039	52,537,189	120,095,084	125,869,002	132,162,452
	053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTIONS	22,626,624	9,158,870	21,443,720	22,515,906	23,641,701
	055EMPLOYEE COSTS CAPITALIZED	-4,003,346	0	-5,583,014	-5,862,165	-6,155,273
	056EMPLOYEE COSTS ALLOCATED TO OTHER OPERATING ITEMS	-61,345,042	-26,142,436	-66,418,216	-69,739,127	-73,226,083
	058REMUNERATIONS OF COUNCILLORS	13,680,169	6,604,307	15,380,429	16,149,450	16,956,923
	060BAD DEBTS	10,229,557	0	11,252,513	11,815,139	12,405,896
	062COLLECTION COSTS	100,000	-42,986	100,000	105,000	110,250
	063INVENTORY SURPLUS/LOSS	0	0	0	0	0
	064DEPRECIATION	26,158,592	13,079,296	22,778,407	23,917,327	25,113,194
	066REPAIRS AND MAINTENANCE	86,502,157	40,549,166	93,586,918	98,266,264	103,179,578
	068INTEREST EXPENSE - EXTERNAL BORROWINGS	12,367,941	3,883,010	14,341,706	15,058,791	15,811,731
	072BULK PURCHASES	101,913,983	43,610,033	136,663,320	143,496,486	150,671,310
	074CONTRACTED SERVICES	20,498,772	8,669,840	57,694,293	60,579,008	63,607,958
	076GRANTS & SUBSIDIES PAID	3,520,885	3,694,501	10,086,125	10,590,431	11,119,953
	078GENERAL EXPENSES - OTHER	52,158,209	25,866,932	63,975,680	67,174,464	70,533,187
2-Exp Total		392,487,540	181,467,721	495,396,966	519,935,978	545,932,777
3-Abc	043INTERNAL RECOVERIES	-38,863,542	-19,914,264	-51,603,338	-54,183,505	-56,892,680
	087INTERNAL CHARGES	38,863,542	20,695,184	51,603,338	54,183,505	56,892,680
3-Abc Total		0	780,921	0	0	0
4-Cap	600INFRASTRUCTURE	68,204,800	13,996,517	63,704,450	66,889,673	70,234,156
	608OTHER ASSETS	0	0	1,000,000	1,050,000	1,102,500
	608OTHER ASSETS Total	0	0	1,000,000	1,050,000	1,102,500
	610SPECIALISED VEHICLES	0	0	10,000,000	8,000,000	8,000,000
4-Cap Total		68,204,800	13,996,517	74,704,450	75,939,673	79,336,656
5-App	089CASH REQUIREMENTS	4,000,000	0	17,000,000	17,850,000	18,742,500
	094CONTRIBUTIONS FROM OPERATING TO CAPITAL	9,432,000	0	10,000,000	10,500,000	11,025,000
	095TRANSFERS FROM / (TO) RESERVES	-35,602,916	-13,085,458	-17,543,060	-18,420,213	-19,341,224
5-App Total		-22,170,916	-13,085,458	9,456,940	9,929,787	10,426,276
Grand Total		14,440,357	-690,290	0	304,964	-79,787

Budget planning and implementation is important and normally attracts a lot of attention, but equally important is the control thereof. Budget control is a continuous function and the Municipal Officials need to ensure that the relevant Departmental budgets do not overspend. Officials need to realize that budget control is not managed through magic, but through strict and sustained discipline.

With the budget receiving the Councillors seal of approval, it is now the responsibility of the officials to implement it with minimal deviation and interference.

The balancing of this budget was not an easy task and some of the aspects need to be highlighted to give Council an overall picture.

BUDGET ALLOCATIONS

The most significant item of income is the service charges (45.4%) of the total income while the most significant expenditure items are, salaries (31.6%), repairs and maintenance (18.9%) and bulk purchases (27.6%) of the total expenditure budget.

The proposed 2009/2010 budget reflects no surplus.

The most significant items of expenditure and income are discussed as follows:

EXPENDITURE

Salaries

An increase of 8,6%.

The main issues are as follows:

- Provision for a general salary increase of 12.5%.
- Provision for personnel in the Supply Chain Management and Disaster Management divisions were made
- The salary budget represents 31.6% of the total expenditure budget

Provision for Bad Debts

Provision for bad debts has been increased by 10%. It should however be emphasized that this item only represents 2.3% of the total expenditure budget.

Repairs and Maintenance

An increase of 8.2%.

It was not possible to make sufficient provision for repairs and maintenance because of insufficient funds. It is imperative that additional funds will have to be provided for this purpose in future budgets. This is the 3rd largest expenditure vote and represents 18.9% of the total expenditure budget.

Bulk Electricity purchases

An increase of 34%.

- This is the 2nd largest single expenditure vote and represents 27.6% of the expenditure budget.
- This increase is a direct result of the announcement made by Eskom that an increase of 34% on electricity tariff will be announced during June 2009.
- A possible increase of 34%, by Eskom is anticipated.

General Expenditure

General Expenditure increased from R52 million to R63 million an increase of 22%. This increase is mainly the result of the increase of the following line items:

- Audit fees increased by R1.2 million
- Insurance increased by R1.5 million
- 2010 preparations R2.6 million
- Provincial share license fee increased with R4 million

Revenue

As mentioned previously in this report the goal with the 2009/2010 budget is to ensure that the budget is affordable and acceptable to all rate payers and consumers.

Changes in legislation however made it difficult to keep tariff increases acceptable to all rate payers and it is anticipated that some of the communities (with high value properties) will express their opposition against the increase in property rates. The calculation of property rates is however guided by legislation and Council can not deviate from the Act. The Property Rates Policy was also extensively communicated to all our communities.

Electricity

The high increase in the electricity tariff will also attract negative attention but the increase in electricity bulk purchases is guided by National Treasury and the final increase will be announced by NERSA.

Water

Due to various discussions in the past it was resolved to propose a tariff on the first 12kl water consumption. The result of this is that not all consumers will get the first 12kl free of charge. Only the indigent will receive 12kl water free of charge.

OTHER

Personnel Cost

The personnel cost represents 31.6% of the total expenditure budget which is less than the acceptable level of 35% set by various political parties.

The personnel budget caters for all posts that are currently occupied by permanent as well as temporary staff.

No provision could be made for vacant positions.

Cost Recovery

The fact that services in all areas are not backed by cost recovery, puts Council in a vulnerable position and strategies to increase revenue will have to be investigated to ensure sustainability.

Issues that should be included in the strategy are:

- Long term financial planning
- Revenue management
- Pre-payment metering system
- Poor service payments
- Escalating debt
- Need to expedite cash collection
- Manage cash flow cycles
- Minimization of unnecessary expenses and maximization of activities that can increase revenue.

The maximization of revenue and the critical reduction of unnecessary costs cannot be over emphasized.

Tariff Setting

Tariff setting was performed in conjunction with the EEM and CSM to ensure proper review of primary rates and tariffs, and the assessment rates tariff was performed by Thlahola Dinamics who are specialists in the field of property rates. Specific consideration was given to:

- » the extent of the impact of the new general valuation of properties;
- » the structural amendments to tariffs;
- » impact of change in VAT Status on revenue;
- » Assessment of total municipal account;
- » Guideline set by National Treasury;
- » Value of stands in different towns;
- » Average consumption in different towns;
- » Average effect on consumers in various towns;
- » % Payment rates per service;

The basic principles and guidelines applied were:

- the ability of the consumer to pay for services rendered;
- realistically anticipated revenue from each revenue source;
- impact of inflation and other cost increases;
- aggressive approach to collection of revenue;
- set of collection improvement targets;
- tariff policy requirements;
- IDP requirements;

Tariff increases are unfortunately inevitable and necessary to ensure that Council can function effectively and efficiently, to

unlimatley ensure that the residents have the benefit of well maintained services and facilities. Tariff increases in line with the CPIX is considered to be the benchmark, as per guidelines received from National Treasury, MFMA, circular no. 48.

The inflation rate is expected to stay within the target range of 3 to 6 percent, and as per the same guideline the inflation forecast have been announced for 2009/2010, 2010/2011 and 2011/2012 as 5,4 percent, 5,1 percent and 4,6 percent respectively.

The letter received from National Treasury attached as **Annexure “E”** indicates that Municipalities are expected to levy their rates and tariffs taking into account their local economic conditions, affordability levels and must remain broadly in line with macro-economic policy. Municipalities must also take account of the policy and recent developments in government sectors relevant to their local communities.

Rates and tariff increases must be thoroughly substantiated in the Municipal budget documentation for consultation with the community. Municipalities engaged in water and electricity distribution will need to fully explain the impact of bulk price increases and its implication on Municipal budgets.

It is unfortunately necessary for Municipalities to increase their tariffs on an annual basis to ensure sustainable services.

The increase on the previous year tariffs are calculated on the market value of property as well as the consumption of households. The increase in Municipal accounts will therefore be different for every household. The Municipal accounts below show the increase in Municipal accounts of average households per town.

The tariff increases are within the limits set by National Treasury and Council must take cognizance that the tariff increases submitted to Council for approval cannot even fund the current level of services due to the high increases in material costs.

Municipal Accounts

The following are sample accounts of the different towns. It needs to be mentioned that all the tariffs are cost reflective and that the tariffs in all towns are the same. Any differences in accounts are attributed to the market value of the property, and the different average consumptions.

TZN Sample account			VALUATION	VALUATION	Market
JB	STAND	AREA M	LAND	IMPROVEM	Value
REG	2046	1317	44,000	386,000	1,025,000

		LEVY		2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	%
DESCRIPTION	CONS	VAT. EXC.	VAT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	DIFF
ASSESSMENT RATES							R 413.86	R 538.67	R 567.62	5.38%
IMPROVEMENTS				R 147.97	R 163.51	R 170.48	R 179.01			
LAND				R 193.23	R 212.86	R 223.67	R 234.85			
ELECTRICITY										
BASIC				R 80.00	R 80.00	R 90.00	R 100.00	R 133.00	R 179.55	35.00%
CONSUMPTION	2298.00			R 425.82	R 506.52	R 555.78	R 584.80	R 822.35	R 1,073.43	30.53%
REFUSE CHARGE										
REFUSE DOMESTIC				R 55.52	R 58.44	R 61.36	R 65.04	R 70.39	R 74.21	5.43%
SEWER CHARGE										
SEWER AVAILABILITY				R 17.56	R 17.33	R 18.22	R 19.31	R 20.85	R 21.95	5.26%
SEWER CONS. DOM.				R 14.63	R 29.10	R 30.57	R 32.40	R 35.42	R 37.35	5.43%
WATER CHARGE										
WATER AVAILABILITY				R 17.00	R 17.00	R 17.00	R 18.02	R 19.00	R 20.03	5.42%
WATER CONSUMPTION	77.00			R 184.65	R 184.65	R 193.95	R 205.08	R 212.35	R 223.96	5.47%
							-R 413.86			
TOTALS				R 1,136.38	R 1,269.41	R 1,361.02	R 1,438.51	R 1,852.03	R 2,198.10	18.69%

LET. Sample account			VALUATION	VALUATION	Market
	STAND	AREA M	LAND	IMPROVEM	Value
REG	15	1497	R 21,000.00	R 129,000.00	R 770,000

		LEVY		2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	%
DESCRIPTION	CONSUM	VAT. EXC.	VAT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	DIFF
ASSESSMENT RATES							R 171.91	R 402.67	R 424.31	5.38%
IMPROVEMENTS				R 49.45	R 54.65	R 56.98	R 59.82			
LAND				R 92.23	R 101.59	R 106.75	R 112.09			
ELECTRICITY										
BASIC				R 80.00	R 80.00	R 90.00	R 100.00	R 133.00	R 179.55	35.00%
CONSUMPTION	1088			R 201.61	R 228.48	R 241.97	R 255.57	R 372.53	R 502.98	35.02%
REFUSE CHARGE										
REFUSE DOMESTIC				R 55.52	R 58.44	R 61.36	R 65.04	R 70.39	R 74.21	5.43%
SEWER CHARGE										
SEWER AVAILABILITY										
SEWER CONS. DOM.										
WATER CHARGE										
WATER AVAILABILITY				R 17.00	R 17.00	R 17.00	R 18.02	R 19.00	R 20.03	5.40%
WATER CONSUMPTION	16			R 16.30	R 16.30	R 17.10	R 18.08	R 22.50	R 23.54	4.62%
							-R 171.91			
TOTALS				R 512.10	R 556.46	R 591.16	R 628.63	R 1,020.09	R 1,224.62	20.05%

HAEN. Sample account			VALUATION	VALUATION	Market
	STAND	AREA M	LAND	IMPROVEM	Value
REG	976	991	R 65,000	R 170,000	R 920,000

		LEVY		2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	%
DESCRIPTION	CONSUM	VAT. EXC.	VAT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	DIFF
ASSESSMENT RATES							R 425.78	R 482.67	R 508.61	5.37%
IMPROVEMENTS				R 65.17	R 72.01	R 75.08	R 78.84			
LAND				R 285.46	R 314.45	R 330.42	R 346.94			
ELECTRICITY										
BASIC				R 80.00	R 80.00	R 90.00	R 100.00	R 133.00	R 179.55	35.00%
CONSUMPTION	296			R 54.85	R 62.16	R 65.83	R 69.53	R 101.35	R 136.84	35.02%
REFUSE CHARGE										
REFUSE DOMESTIC				R 55.52	R 58.44	R 61.36	R 65.04	R 70.39	R 74.21	5.43%
SEWER CHARGE										
SEWER AVAILABILITY										
SEWER CONS. DOM.										
WATER CHARGE										
WATER AVAILABILITY				R 17.00	R 17.00	R 17.00	R 18.02	R 19.00	R 20.03	5.40%
WATER CONSUMPTION	10			4.48	4.48	R 4.68	R 5.00	R 8.40	R 8.66	3.10%
							-R 425.78			
TOTALS				R 562.47	R 608.54	R 644.37	R 683.37	R 814.81	R 927.90	13.88%

NKOW. Sample account			VALUATION	VALUATION	Market
	STAND	AREA M	LAND	IMPROVEM	Value
REG	1326	497	R 5,000	R 63,000	R 99,000

		LEVY		2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	%
DESCRIPTION	CONSUM	VAT. EXC.	VAT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	DIFF
ASSESSMENT RATES							R 55.90	R 44.80	R 47.21	5.37%
IMPROVEMENTS				R 24.15	R 26.69	R 27.83	R 29.22			
LAND				R 21.96	R 24.19	R 25.42	R 26.69			
ELECTRICITY										
BASIC										
CONSUMPTION										
REFUSE CHARGE										
REFUSE DOMESTIC				R 55.52	R 58.44	R 61.36	R 65.04	R 70.39	R 74.21	5.43%
SEWER CHARGE										
SEWER AVAILABILITY				R 6.63	R 6.54	R 6.88	R 7.29	R 7.87	R 8.28	5.26%
SEWER CONS. DOM.				R 3.04	R 6.05	R 6.35	R 6.73	R 7.36	R 7.76	5.43%
WATER CHARGE										
WATER AVAILABILITY				R 17.00	R 17.00	R 17.00	R 18.02	R 19.00	R 20.03	5.40%
WATER CONSUMPTION	16			R 16.30	R 16.30	R 17.10	R 18.08	R 22.50	R 23.54	4.62%
							-R 55.90			
TOTALS				R 144.60	R 155.20	R 161.93	R 171.07	R 171.92	R 181.03	5.30%

LEN. Sample account			VALUATION	VALUATION	Market
	STAND	AREA M	LAND	IMPROVEM	Value
REG	1545	450	R 9,000	R 56,000	R 30,000

		LEVY		2004 2005	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	%
DESCRIPTION	CONSUM	VAT. EXC.	VAT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT	DIFF
ASSESSMENT RATES							R 74.01	R 8.00	R 8.43	5.38%
IMPROVEMENTS				R 21.47	R 23.72	R 24.73	R 25.97			
LAND				R 39.53	R 43.54	R 45.75	R 48.04			
ELECTRICITY										
BASIC										
CONSUMPTION										
REFUSE CHARGE										
REFUSE DOMESTIC				R 55.52	R 58.44	R 61.36	R 65.04	R 70.39	R 74.21	5.43%
SEWER CHARGE										
SEWER AVAILABILITY				R 6.00	R 5.92	R 6.23	R 6.60	R 7.13	R 7.50	5.26%
SEWER CONS. DOM.				R 2.47	R 4.91	R 5.16	R 5.47	R 5.98	R 6.31	5.43%
WATER CHARGE										
WATER AVAILABILITY				R 17.00	R 17.00	R 17.00	R 18.02	R 19.00	R 20.03	5.40%
WATER CONSUMPTION	13			10.39	10.39	R 10.89	R 11.54	R 15.45	R 16.10	4.21%
							-R 74.01			
TOTALS				R 152.37	R 163.92	R 171.12	R 180.68	R 125.95	R 132.57	5.26%

Indigent support

The equitable share allocation of the municipality for the 2009/2010 financial year is R121 million. This allocation is intended to assist Municipalities to render basic services to poor communities. The grant is not intended to fully fund the provision of these services but to top up the allocations that Municipalities provide themselves.

- The equitable share formula is: $BS \text{ (Basic Services)} + D \text{ (Development component)} + I \text{ (Institutional)} - R \text{ (Revenue raising capacity)} \pm C \text{ (Correction)}$

The formula assumes that the provision of basic services per household costs R130 for serviced stands and R45 for un-serviced stands. Included in the formula is an amount of R36 000 to assist towards the support given to Councillors. The "I" component of the formula recognizes that the Municipality needs to maintain systems to supply services to the poor. The costs of supplying the services should therefore not only be seen as the direct costs of the actual services but also the costs associated with supplying those services. The above indicates that the support offered to indigents will depend on whether those indigents are in a serviced area or not. In a serviced area it is required that indigents should be registered as such on the municipality's indigent register. All such registered indigents only pay a flat rate of R30-00 per month provided that their consumption of water is below 12 kl per month and that of electricity 100kWh per month. Consumptions above these levels will be charged at normal tariffs. The difference between the actual cost of services consumed by the indigent and the flat rate is subsidized by the equitable share allocation and reflected as income foregone on the budget. For unserviced areas the municipality is at present rendering minimum basic services to all residents. These are services at RDP standards. For this purpose the municipality pays for all electricity tokens of residents and the cost of maintaining boreholes or purchases of bulk water from Lepelle Northern Water board. There is a dire need to ensure that these types of free services are only rendered to registered indigents and not also to those who can afford to pay for services. However an additional challenge has been that not all indigent residents came forward to register when the municipality embarked on its registration campaign. There is a need to publicize this project to ensure that all indigents get access to the assistance that the municipality is affording them.

Provision for R121 million which represents 100% of the allocation has been made on the 2009/2010 budget for equitable share.

It is recommended that the funds be allocated to the different services as follows:

SERVICE	BUDGET 2006/2007 AMOUNT	BUDGET 2007/2008 AMOUNT	BUDGET 2008/2009 AMOUNT	BUDGET 2009/2010
Electricity (FBE)	R 5 653 003	R 0	R 0	R 0
Cleansing	R 2 873 385	R 3 873 385	R 3 600 000	R 8 852 335
Rates (Roads)	R49 866 612	R64 256 615	R84 001 000	R109 443 426
Sewer	R 3 000 000	R 0	R 0	R 621 573
Water	R 0	R 0	R 0	R 2 269 666
TOTAL	R61 393 000	R68 130 000	R87 601 000	R121 187 000

The allocation has been determined by the CFO and is not cast in stone. The amounts were determined according to the expenditure in the areas where the need is the greatest and to ensure that the increases in tariffs remain at acceptable levels. As can be seen above R118 million of the equitable share has been allocated to non-trading services. These are those services which must be rendered in spite of the level of consumption and are aimed at all residents of the municipality – both indigents and non-indigents. These services include, but not limited to, library services, cemeteries, parks, recreational facilities, maintenance of roads, Council support and all other municipal support services like Finance and Corporate Services. Residents staying in serviced areas are contributing towards the costs of rendering these services through the property rates that they pay. The contribution of indigents is subsidised through the equitable share.

It must also be emphasized that an amount of R10 million has been provided on the budget for free basic water. This allocation has been obtained from Mopani District Municipality.

Council must also take cognizance that no provision has been made for equitable share from Mopani District Municipality for the water service seeing that they could not confirm that the grant will be paid to Greater Tzaneen Municipality.

As a service provider the Chief Financial Officer is of the opinion that the Greater Tzaneen Municipality is entitled to a portion of the equitable share of Mopani District Municipality. Provision will however only be made after confirmation has been received from Mopani District Municipality.

INDIGENT

The equitable share is also there to assist poor households. The budget has therefore been drafted in such a way that poor households have access to at least basic services. The monthly account of poor households (indigent) who qualify for free basic

services has been set at R30,00 per month plus water consumption above 12 kilo liter per month.

Free Basic Services

Free Basic Electricity

The National policy on Free Basic Electricity stipulates that Eskom or any other service provider will charge Free Basic Electricity in terms of the EBSST tariff which is currently R0,517 per kWh excluding VAT.

With the resolution of Council to roll-out Free Basic Electricity to the 20 Amp beneficiaries under certain conditions it is anticipated that the number of beneficiaries will be +- 8 200. To accommodate this cost an amount of R2,5 million (8 200 beneficiaries x R0,517 per kWh x 50 kWh x 12 months) has been provided on the 2009/2010 operational budget.

Free Basic Water

The concept policy on Free Basic Water was announced by the State President of South Africa in September 2000. This was done to alleviate poverty and to ensure that services are rendered to the community in a sustainable manner.

The primary intention of the policy is that no one is denied access to water supply because they are unable to pay for it.

As mentioned previously in this report the monthly account for the indigent is R30,00 plus water consumption above 12 kilo liter.

Rural waste minimization

Through the MIG funding the municipality has started a project on rural waste minimization with a number of schools being identified as pilot projects. The aim of the project is that it will ultimately be replicated over the whole municipal area and that it will serve as model for the rest of the province and the country. The project is expected to cost R52 million over the next 5 years. The MIG funding is for the capital set-up of the project and the maintenance thereof will be funded by the municipality through its normal operations. The equitable share will be used to subsidize the indigents in those areas.

Investment of Funds

It happens from time to time that Council has surplus funds available which are not needed immediately and which can be invested. Depending on circumstances some funds can be invested for a long term whilst other can only be invested on a short-term.

The long-term investments of Greater Tzaneen Municipality are made to repay loans on maturity date. The investments can therefore not be seen as available financial resources to finance capital or operational projects.

The long-term investments of Greater Tzaneen Municipality which amounts to R21 658 065 are as follows:

- An investment of R1,8 million has been made with Liberty to repay the loan of R10,3 million on 30 November 2009. This loan bears interest at a variable rate and the value of the investment amounts to R8,6 million.
- An investment of R6,9 million has been made with BOE to repay a loan of R20 million on 31 August 2012. This loan bears interest at a variable rate and the value of the investment amounts to R13 million.

The short-term investments of Greater Tzaneen Municipality are made with funds which are not needed immediately and are normally invested for 30 days or are put in a call account.

Greater Tzaneen Municipality had no short-term investment as at the end of April 2009.

Supply Chain Management Policy

Section 111 of the MFMA requires Municipalities to adopt and implement a Supply Chain Management Policy, which gives effect to the requirements of the Act.

The Supply Chain Management Policy of Greater Tzaneen Municipality was approved on 29 November 2005 and the three committees required by the Act are established and functional.

The Supply Chain Policy provides systems for the following functions:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Risk Management
- Performance Management

It also describes in detail the processes and procedures of the acquisition of goods, services and works as well as the disposal of unserviceable, redundant and obsolete goods.

Other matters which are discussed in the policy are:

- Ethical Standards
- Inducement, Rewards, gifts and favours
- Sponsorship
- Resolution of disputes, objections, complaints and queries

Virement, Adjustment Budgets and Unforeseen and Unavoidable Expenditure

The adjustment budget is governed by section 28 of the Municipal Finance Management Act and is aimed at establishing a responsible and accountable practice in Municipalities.

To give effect to this section of the Act a budget review has been undertaken during February 2009 and the subsequent adjustment budget was submitted to Council for consideration and approval.

During this process a number of virements have also been identified and effected.

Council's attention is also drawn to the stipulations of the MFMA with regard to unauthorized expenditure. Section 32 (i) of the Act determines that a political office bearer of a Municipality is liable for unauthorized expenditure if he/she knowingly or after having been advised by the accounting officer that the expenditure is likely to result in unauthorized expenditure, instructed the official to incur the expenditure.

It further determines that the Municipality must recover unauthorized expenditure, under certain conditions, from that official or political office-bearer and writing off of any unauthorized, irregular or fruitless and wasteful expenditure as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charged with the commission of an offence relating to such unauthorized, irregular or fruitless and wasteful expenditure.

Monitoring (Management and Oversight)

The budget of Greater Tzaneen Municipality is monitored in terms of the National Treasury guidelines and directives. In particular, MFMA Section 71 and 72 reports are used as in-year control mechanisms to ensure adherence to approved budget provisions and implementation programmes.

Long Term Financial Planning Principles

The 5 year plan of Greater Tzaneen Municipality focuses on the improvement of service delivery and the addressing of the physical infrastructure backlog in its area of jurisdiction. The new organogramme which has been developed to realign and improve the administration of Greater Tzaneen Municipality will also contribute to Greater Tzaneen Municipality ensuring access to basic services to every household. During the Performance Management process Greater Tzaneen Municipality identified the following objectives to comply with the requirements of the constitution:

- Apply innovative systems to retain existing customers;
- Promote community based problem solving;
- Improve service delivery in a sustainable manner;
- Enhance economic development through funding and partnerships;
- Optimally leverage capital investment and utilization; and
- Increase financial viability

The following will also receive special attention during the 2009/2010 financial year:

- Youth gender and the disabled
- Strengthening of Ward Committees
- Strengthening of partnerships with private sector
- Intergovernmental relations
- Job creation
- 2010 World Cup Preparations

Personnel (Overtime, Vacancies and Temps)

The salary budget represents 31.6% of the total expenditure budget which is lower than the acceptable level of 35% set by various political parties. The personnel budget caters for all posts that are

currently occupied by permanent as well as temporary staff. Currently provision has been made for 741 permanent posts. No provision has been made for vacant positions.

Infrastructure Investment and Funding

The PMU programme is aimed at providing a basic level of service for all residence of Greater Tzaneen Municipality. The MIG programme which is performed by the PMU is a key part of Governments overall drive to alleviate poverty in the country, therefore the infrastructure is to be provided in such a way that employment is maximized and opportunities are created.

An amount of R33 million has been made available for MIG projects whilst an amount of R75 million is submitted to Council for capital projects financed through loans. An amount of R28 million which will be funded by a grant has been provided on the Capital Budget for electrification of farm labour housing.

5.4 Budget Assumptions

Inflation outlook and its impact on Greater Tzaneen Municipality activities:

The following key factors have been taken into consideration in the development of the 2009/2010 budget.

► External Factors

National Treasury has advised that Municipalities are expected to levy their rates and tariffs taking into account their local economic conditions, affordability levels and remain broadly in line with macro-economic policy.

► General Inflation Outlook

The inflation forecast for 2009/2010 is predicted to be 5.4%.

► Credit Rating Outlook

As a result of a weaker financial profile the long term credit rating of Greater Tzaneen Municipality has been lowered from a za BBB to a za BBB- and the short term rating has been lowered from za A2 to za A3. The rating outlook however remained the same.

► Interest Rates for Borrowing

That the interest rate for the borrowing of funds be set at 6%

► Rates Tariffs and Charges

That the increase in rates, tariffs and charges be calculated according to the need.

► Bulk Purchases

That the increase in bulk purchases be based on consumption in previous years.

► Average Salary Increases

Allowance for a cost of living increase of 12,5% has been made to salaries and allowances in accordance with the South African Local Government Association proposal.

► Trends in Population and Households

Between 2006 and 2008 the population of Greater Tzaneen Municipality has grown fairly rapidly with an increase in population of 22 914 people.

According to the spatial development framework of Greater Tzaneen Municipality the population of Greater Tzaneen Municipality will grow from 543 867 in 2008 to 610 974 in 2013, an increase in population of 67 167 people.

► Changing Demand Characteristics

Water

The demand is primarily to eliminate the backlog in the informal settlements. The proposal is to firstly provide emergency services while eliminating the backlog over the next 5 years.

Electricity

The demand for free basic electricity services are expected to keep pace with the electrification programme.

Other Assumptions

- That unconditional grants and subsidies not be allocated to certain services but that it be allocated within the context of the overall financial position of Council.
- That the current financing practices (Internal Financial Recovery Plan) be sustained.
- That the short-term operational cash be utilized to finance short-term operating expenses.
- That a loan for R75 million be taken up to finance capital projects for inter alia the emergency upgrading of the electricity distribution system and rural projects.
- A 6% interest rate and a 15 year period be used for the R75 million loan.
- That indigent households who receive basic services will not pay for those services.
- That RED's will probably only be up and running after June 2012.
- The Equitable Share Grant was taken as per DORA and thereafter escalated at the inflation rate assumed in this report.
- Except for a Free Basic Water allocated no other capital or operational transfer from Mopani District Municipality was assumed.
- That although Mopani District Municipality is the service authority for water and sewer the expenditure for these services be financed through service levies and that no allocation from Mopani District Municipality is assumed.
- Financial Recovery Plan

When the financial recovery plan was prepared it was meant mostly to address the problem of the overdraft that the Municipality was having at the time. It was therefore accepted that the indicator of the resolution of the financial problems would be the clearing of the overdraft. National Treasury, Provincial Treasury, The department of Local Government and Housing and the Premier's office were all

involved in discussions on the Municipality's Financial Recovery plan and gave their inputs into the document. Of critical importance for the current budget was the input by National Treasury that the budget should not be increased until the overdraft had been cleared. This has been the basis upon which the current budget was prepared. With the exception of the items listed below, which are beyond the control of the Municipality no increase has been effected on any vote for the 2009/2010.

INFLATION TARGET

At the beginning of each calendar year National Treasury issues a budget circular that is intended to guide Municipalities in the preparation of their budgets. Amongst other things the circular indicates anticipated inflation figures that are supposed to guide the Municipalities when setting increases to their tariffs. Circular no 48 indicates an inflation rate of 5,4% for the 2009/2010 financial year.

PERSONNEL ISSUES

- **Salary increases:** Salary increases are subject to the agreement reached at the SALGBC. As of the date of this assessment no indication of any salary increases agreement had been received. The assumption was that the salary increase would be linked to the average of the CIPX during the preceding financial year. It was therefore assumed that the salary increase would be 12,5%.
- **Number of employees:** When preparing the salary budget, unlike in previous years when the budget was prepared for all positions that have been vacant in the past six months, as consideration will this year be made of only the critical positions required for service delivery. Priority will therefore be given to service delivery departments. The total number of employees will however drastically increase due to the absorption of the DWAF staff which will be transferred to the Municipality as part of the integration of DWAF employees into the Municipality.

It should additionally be stated that one of the resolutions of the convention of development planners for Municipalities, National and Provincial departments which was held in November 2008 is that IDP units should as a minimum be composed of

3 capacitated officials, one of which should be a researcher. To comply with this resolution the salary budget should make provision for this.

COUNCILLOR'S ALLOWANCES

Composition of and increases to Councillor's allowances are determined annually by the Minister of the Department of Local Government and Housing through a Gazette setting out the upper limits of the allowances to Councillors. This Gazette is normally issued towards the end of December to apply retrospectively from July of that year. The Gazette had not yet been issued. An increase of 12.5%, the same as for Officials, was therefore assumed for budgeting purposes.

BAD DEBTS PROVISION

Taking into account the collection rate of Council the bad debt provision has been set at 5% of the amount to be billed.

OTHER OPERATIONAL ISSUES

DWAF TRANSFER

The Municipality has been appointed as a water service provider for the whole of its area of jurisdiction. Its functions and responsibility will cover operational issues that were previously performed by DWAF and the Mopani District Municipality. Towards this end, a process was set in motion to transfer DWAF employees and the whole of its operations to the Local Municipality and the District Municipality. This process which should have been finalized some time back was delayed due to conditions attached to this transfer not being agreed upon by the relevant stakeholders. Agreement on the major points have been agreed upon and it is anticipated that the transfer should be finalized within the current financial year. The transfer agreement provides that the Municipality will be paid a grant equal to 100% of the operational needs of DWAF in the first year, with the amount reducing on a sliding scale to be phased out in three years. This transfer will see approximately 200 staff members being transferred to the Municipality. A provision of R33 million has been made on the budget for this purpose which will be recovered from DWAF as per the funding agreement detailed above. While the other operational expenses of the DWAF offices will be covered also on a sliding scale as indicated above a concern has been raised in that the Municipality

might have to top up the funding required to make the DWAF operations of acceptable standards where this was not the case. It is however difficult to quantify this cost and therefore it has not been taken into account in the drafting of the budget.

ESKOM

ESKOM had indicated previously that it would ask for an increase that is substantially more than the inflation rate. There had been some talk of a proposed increase of 100% but this had not been confirmed. Taking into account the fact that during the past negotiations for increases ESKOM had been granted an indicative increase percentage of 50% but that recently talks were concentrating on bringing this down to 34% we have used 34% for budgeting purposes.

VEHICLE TESTING STATION

Council has taken a resolution that another vehicle testing station be opened. An amount of R4,9 million has been budgeted for this purpose.

WAIVERS

A number of labourers had been seconded to the Municipality by different departments at their expense. This resulted in the Municipality being able to render services at amounts lower than actual. The Departments have however started to recall these labourers. This is posing a serious threat to the Municipality's ability to continue to render basic services to the community. The affected services will be Solid Waste and Parks and Recreation. In preparing this budget it has been assumed that 100% of the labourers will be recalled. To cater for this eventuality a total of approximately R4,5 million will be set aside.

2010 PROJECT

In order to assist the Municipality to get maximum benefit out of this an amount R2,6 million will be budgeted.

TARGETED GROWTH

As part of the normal budgeting process a consideration is normally made of the anticipated growth in the population of the Municipality due to normal increment and mobility of people into the urban areas where cost recovery is taking place. However due to stagnation of development in areas where cost recovery is taking place due to infrastructural capacity constraints no increases in the population has been taken into account. However should the capacity issues be addressed the actual income from services charges might be higher than the budgeted amounts and in that case as part of the half-yearly performance assessment an adjustment budget will have to be passed to appropriate the additional revenue realized.

CAPITAL EXPENDITURE

Due to financial constraints and the input of National Treasury on the Municipality's financial recovery plan serious consideration should be made before a decision is taken to increase the budget substantially more than in the previous financial years. Council has however also taken a decision that priority should be given to the electricity infrastructure due to its critical importance to the financial well-being of the municipality. In the previous financial year R10 million was appropriated for the electricity infrastructure. It is recommended that the same amount be appropriated this year for electricity. This suggestion is made in case steps to raise the required R140 million to upgrade the electricity infrastructure do not bear fruit. It is however recommended that everything in the Municipality's power should be done to address the electricity infrastructure problems in a comprehensive manner. Preliminary discussions with the DBSA have indicated that as in the current financial year the bank would be willing to favourably consider funding this project and discussions are underway with it and other funders. The bank has however indicated that they are in favour of a plan to address not only the electricity infrastructure problems but infrastructural problems as a whole in order that their funding will be seen to be addressing all the issues that have an impact on attracting investors and are required for the growth of a town. This will include both roads and water infrastructure.

As with electricity it is recommended that an amount of R5 million be raised from loans to address the critical problem facing the Municipality with regard to the other infrastructure.

Very little has been done in terms of maintenance and general investment into the infrastructure of the Municipality in general to ensure continued availability of the system. Should this not be addressed the municipality might face a catastrophe in a few year's time of the same magnitude that ESKOM is facing.

OTHER CHALLENGES

- NDPG Infrastructure

The municipality will be spending approximately R80 million in capital investments due to the NDPG project over the next 5 years. A challenge with these projects, which is the same challenge that is faced every time a capital asset is donated to the Municipality or is created, is with regards to the maintenance costs of such assets. While in the current financial year these might not be critical as the projects will still be at implementation stage it is expected that some of these projects will be commissioned towards the end of the 2009/2010 which will require significant maintenance budget in the ensuing years.

- MIG infrastructure

The same concerns as raised under the NDPG projects applies to the MIG assets.

- General maintenance

The Municipality is going through the same challenges that all institutions that are going through a period of financial stress are facing. This is with regards to expenditure on maintenance. Due to financial constraints the expenditure on repairs and maintenance. Due to financial constraints the expenditure on repairs and maintenance has been maintained at the 2008/2009 levels. This is however unrealistic due to the fact that new assets have been acquired through normal operations and, as indicated above, these will have to be maintained. An additional challenge is that due to reduced maintenance budget in the previous years the infrastructure of the Municipality has been deteriorating at a faster rate than normal. This will

require substantial expenditure in future years in order to maintain these assets in a working condition.

- Budget reforms

National Treasury is busy with a process to implement the new Municipal budgeting and reporting regulations. For this purpose they have identified a number of Municipalities to implement these regulations with effect from 2009/2010 and Tzaneen, while not on the first list of Municipalities identified for this purpose, has been requested to form part of those Municipalities that will implement these regulations early. The regulations agree by and large with the provisions of the MFMA and the current GRAP standards. The major shift is in case of the schedules that must be completed to support the budget. A plan will be put in place to fully implement this and to ensure compliance.

- Property rates

The new valuation roll has been implemented with effect from 01 July 2008. The process has to a large extent been smooth and accepted by all stakeholders. The challenge that the Municipality is still facing and which will have an impact on the current budget is that of the objections that are still outstanding. The process of attending to objections is the responsibility of the valuer. There are indications that this process is not being properly handled. We are currently trying to set up a meeting with the service provider to attend to these issues. We have however noted the critical risk of some of the objections not being addressed in time. In this regard we have also noted a possible mobilization of the community members to take action against the Municipality by either withholding the payment of property rates or taking the Municipality to court. At present the withholding of payment for property rates is not much of a risk since the Municipality is issuing a consolidated account and default on one service will automatically lead to the account being in arrears and credit control action being taken against the customer. The risk that might be eminent is of legal action taken against the Municipality. While we are confident of the legality of the process followed we are however worried of the negative impact such an action might have on Council

and also on the payment of services. Council should therefore do everything in its power to protect its income and to foster good relations with the rate payers. Towards this end the assumption made on the property rates is that there will be no major increase in number of new property owners. It has also been assumed that due to the outstanding issues on the valuation roll the phasing-in period for the implementation of the new valuation roll will be extended to cover 2009/2010 financial year. This means that all the rate payers will still be legible for the maximum rebates due to them as per the Municipality's property rates policy without applying for same.

Credit Rating Outlook

Moody's South Africa completed a credit rating for Greater Tzaneen Municipality for the 2004 and 2005 financial years. The following credit rating has been awarded to Greater Tzaneen Municipality.

RATING HISTORY	2005	2004
Long Term	ZaBBB-	ZaBBB
Short Term	ZaA3	ZaA2

As a result of the weaker financial profile Moody's South Africa has lowered the long term rating of Greater Tzaneen Municipality from ZaBBB to ZABBB- and the ZaA2 short term rating to ZaA3. These ratings reflect the Municipalities capacity to repay debt in SA Rand relative to other obligors.

Some of the constraining factors mentioned by Moody's South Africa in their report are:

- ~ Weakening liquidity due to low collection rate from debtors and inadequate provisioning for bad debts. It has adverse effects on its cash flow and reduces capacity for capital expenditure to eradicate infrastructure backlogs. Improved control over the collection of debtors remains of paramount importance to ensure financial sustainability.
- ~ Relatively high debt levels that are likely to remain high due to constrained revenue growth.

The credit rating of Greater Tzaneen Municipality is of great concern and measures to improve the financial position of Greater Tzaneen Municipality should be considered and implemented.

The financial position of Greater Tzaneen Municipality is of great concern and measures to improve the financial position should be considered and implemented to ensure financial viability.

FINANCIAL VIABILITY

Every endeavor must be made to ensure that this budget is based on realistic revenue projections, realistic tariff increases and not on promises that cannot be kept.

5.5 Funding the Budget

Fiscal Overview

The implementation of the MFMA required a reform in financial planning within Municipalities. The focus has shifted from the Municipal Manager and Chief Financial Officer to all Senior Managers who are responsible for managing the respective votes or departments of the Municipality, and to whom powers and duties for this purpose have been delegated. Top Management must also assist the Accounting Officer in managing and co-ordinating the financial administration of the Municipality

During the performance management process Greater Tzaneen Municipality identified the following objectives to comply with the requirements of the Constitution:

- Apply innovative systems to retain existing customers;
- Promote community based problem solving;
- Improve service delivery in a sustainable manner
- Enhance economic development through funding and partnerships;
- Optimally leverage capital investment and utilization; and
- Increase financial viability

The 5 year financial plan therefore focuses on the improvement of service delivery and the addressing of the physical infrastructure backlog's facing Greater Tzaneen Municipality.

Outcomes of the Past Years

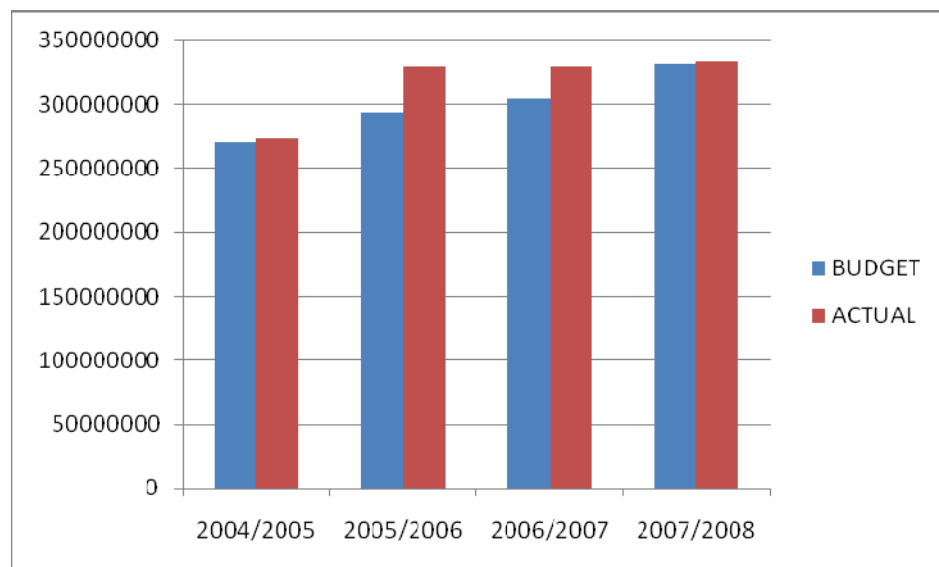
The graph below indicates the comparison between budgeted and actual operating expenditure over the past 4 years.

OPERATING EXPENDITURE

YEAR	BUDGET	ACTUAL
2004/2005	270 218 800	273 261 622
2005/2006	293 533 474	329 631 453
2006/2007	304 739 349	329 472 551
2007/2008	331 225 571	333 231 173

GRAPH

Operating Expenditure



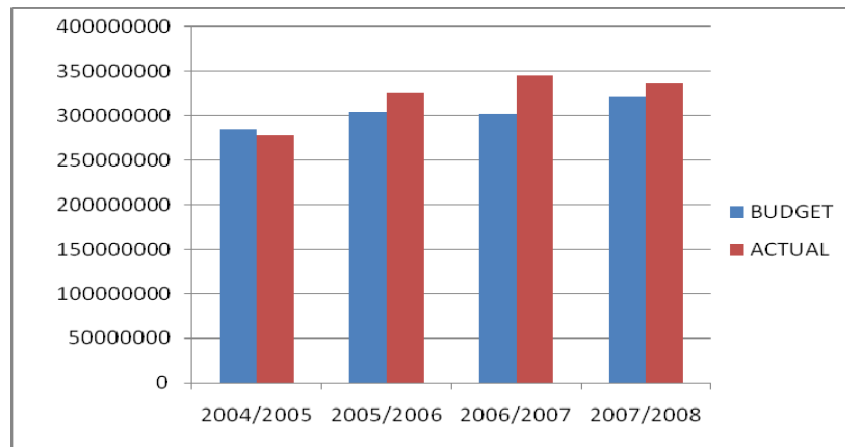
The graph below indicates the comparison between budgeted and actual operating Income over the past 4 years:

OPERATING INCOME

YEAR	BUDGET	ACTUAL
2004/2005	283 934 170	278 089 403
2005/2006	304 665 997	325 810 839
2006/2007	302 218 188	345 928 848
2007/2008	321 808 837	336 481 594

GRAPH

Operating Income



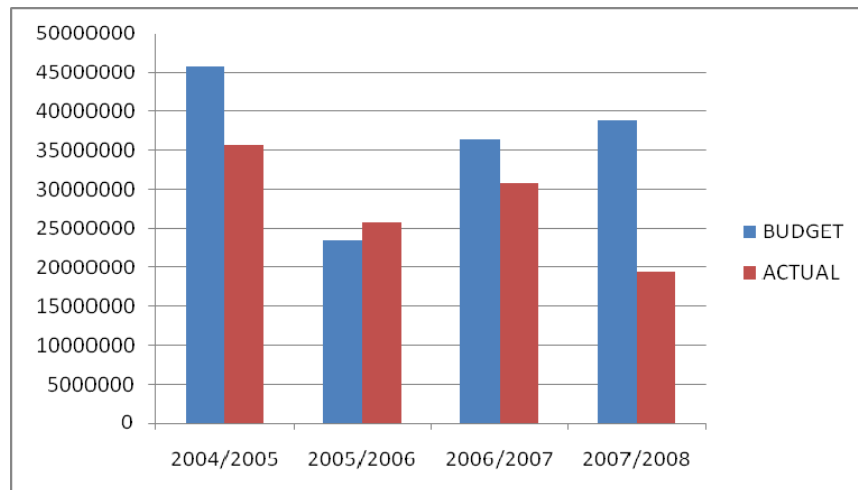
The capital expenditure against the budget of the past 4 years are also indicated graphically below:

CAPITAL EXPENDITURE – MIG INCLUDED

YEAR	BUDGET	ACTUAL
2004/2005	45 813 859	35 729 703
2005/2006	23 453 033	25 729 847
2006/2007	36 364 059	30 747 402
2007/2008	38 888 000	19 406 629

GRAPH

Capital Expenditure



Operating Revenue

The revenue of Greater Tzaneen Municipality is pre-dominantly raised through rates and tariffs. Grants and subsidies from National and Provincial Government constitutes a relative small portion of the total revenue and thus the budget is based on a strong base of own sources.

Metered services contributed the following revenue to Greater Tzaneen Municipality during the 2007/2008 financial year.

Electricity	42%
Water	5%
Refuse Removal	4%
Sewerage	1%

From the 2008/2009 financial year the fair market value of a property has been applied in terms of the Property Rates Act.

The Greater Tzaneen Municipal operating income was funded as follows during 2008/09 Financial year.

REVENUE	ACTUAL	
	2007	2008
Property rates	23 863 351	28 973 424
Property rates – penalties imposed and collection charges	1 562 761	1 389 816
Service charges	190 298 056	170 298 568
Rental of facilities and equipment	428 501	454 627
Interest earned – external investments	5 079 177	3 062 088
Interest earned – outstanding debtors	6 379 766	4 699 372
Fines	1 336 961	1 068 559
Licenses and permits	427 967	383 559
Income from agency services	4 047 277	8 050 392

Government Grants and Subsidies	101 299 105	94 388 961
Other Income	11 205 926	2 704 550
Public contributions, donated and contributed		
Property, plant and equipment		
Gains on disposal of property, plant & Equip.	<u>0</u>	<u>2 471 202</u>
Operating Income Generated	345 928 848	317 945 118
Less: Income Foregone	0	0
TOTAL REVENUE	<u>345 928 848</u>	<u>317 945 118</u>

Debtors

The table below illustrates the debtor revenue in millions for the 6 months, July 2008 to January 2009:

DEBTOR REVENUE	JULY 08 R000,	AUG 08 R000,	SEPT 08 R000,	OCT 08 R000,	NOV 08 R000,	DEC 08 R000,	JAN 09 R000,
Revenue Billed	17 848	21 796	21 531	24 010	22 543	17 202	18 846
Revenue Collected	16 642	19 935	24 838	21 245	24 321	18 201	16 642
% Revenue Collected	93	91.5	115	88	108	106	88

The MFMA requires that the budget be based on realistic forecasts for revenue, and over the said period the collection rate for Greater Tzaneen Municipality amounted to 98%.

Operating Expenditure

The actual expenditure per item were as follows in 2006/2007 and 2007/2008 financial years:

ITEM	ACTUAL	
	2008	2007
Employee Related Costs	57 951 171	83 725 900
Remunerations of Councillors	11 973 246	11 478 864
Bad Debts	22 140 891	5 268 458
Collection Costs	228 380	464 480
Loss of Inventory	962	68 123
Depreciation	20 133 997	20 291 746
Repairs and Maintenance	74 467 399	48 223 168
Interest paid	9 722 211	12 307 766
Bulk Purchases	68 670 853	91 026 144
Contracted Services	18 424 468	16 108 793
Grants & Subsidies paid	2 903 514	16 526 825
General Expenses	<u>28 077 605</u>	<u>23 982 284</u>
	<u>314 694 697</u>	<u>329 472 551</u>

Review of the Past and Long-term Financial Outlook

A review of the past financial performance indicated that the financial position of Greater Tzaneen Municipality needs special attention. Although the bank overdraft of Council was reduced from R21.6 million on 30 June 2007 to R12.9 million on 30 June 2008 it is still unexpected.

Some of the issues that can be attributed to the poor state of the Greater Tzaneen Municipality's financial position are:

- Inadequate Debt Collection – Consumer Debtors Increased with R25.3 million from the 2005/2006 to the 2006/2007 financial year, and with R1.2 million from the 2006/2007 to the 2007/2008 financial year.
- Cash funds decreased by R18.9 million in the 2006/2007 financial year resulting in the R21 million overdraft bank balance at year end. The overdraft at 30 June 2008 amounts to R12.9 million.
- The current liabilities exceed the current assets by R7.7 million at 30 June 2007 and with R7.1 million at 30 June 2008.
- Conditional grant money received to fund capital expenditure has been utilized to fund operational expenditure.
- Funds and reserves are not cash-backed. The capital replacement reserve of R8.6 million is not cash backed. Apart from the reserve not been backed by cash in the bank Council had a R12.9 million overdraft at 30 June 2008.

The Current Overall Financial Position of GTM

Internal Financial Recovery Plan

At a previous Management meeting it was agreed that in order to resolve the cash flow problems which were experienced by Greater Tzaneen Municipality, quick-win interventions should be developed. It was also agreed that departments would come up with their own quick-win suggestions to ensure that the cash flow problems are addressed by all departments. Quick-win suggestions were received and it was consolidated in the following quick-win plan.

That the following issues be investigated and addressed.

- Personnel
 - Moratorium on filling of vacant posts
 - Temporary positions to be investigated
 - Overtime
 - Unproductive staff
 - Bonuses
 - Subsistence and Travelling expenses
 - Training
 - Payment of bursaries
- Disposal of Municipal land/stands
- Cancellation of Recognition day
- Credit Control and Debt collection
 - Municipal accounts (user charges) - Defaulters to be handed over for legal action.
 - Sundry Accounts – Defaulters to be handed over for legal action
- Property Rates
- Running Cost Analysis of Municipal Fleet
- Service Delivery Contracts
- Traffic Fines
- Administration of Grants
- Auction of Obsolete Assets
- Telephone Calls

It was also resolved that all officials should be made aware of the need to save costs in all areas. It was further resolved that teams should be set-up to immediately come up with action plans for each of the above areas, in particular those areas that require an investigation to be undertaken. The action plan should clearly indicate the action to be taken, by when it must be taken and by whom.

The following project teams were established:

Debt collection and Credit control	Raymond Maake (Convenor) Oupa Mokoena, Freddy Kanyane, Anton Killian, Nkopodi Phatudi
Property rates	Sanri Rademeyer (Convenor) Maggy Machumele, Christine Nell, Elna Fourie, Carin Von Wielligh
Electricity Income	Pierre Van den Heever (Convenor) Andrew Laubscher, Handswell Phakula, Mabakane Mangena
Other services income Sundry debtors collections (including land sales) Traffic fines	Obby Mkhombo (Convenor) Johannes Malatji, Henk Minnie, Andre Liversage, Lerato Molalatladi
Annual auction and sale of obsolete assets	Ludic Mahayi (Convenor) Rodger Shingange, Nic Fourie
Vehicle Running Costs	Martin Mashaba (Convenor) Andre Le Grange, Tiyan Hlayisi, Sam Lelope
Personnel	Vincent Maake (Convenor) Johan Biewenga, Tienus Visser, Annette Labuschagne
Other Expenditure Items	Rodger Shingange (Convenor) Andre Le Grange

Financial Challenges

The challenges facing Greater Tzaneen Municipality are inter alia the following:

- Debt collection and Credit control
- The levying of property rates with emphases on sub-divisions and consolidations
- Recovering of all Greater Tzaneen Municipality income with emphasis on land sales
- Execution of the Internal Financial Recovery Plan.

Sources of Funding

The 2009/2010 expenditure has been funded as follows:

Funding source	Amount
Grants & Subsidies	R226 million
Rates & Service Charges	R315 million
Sundry Income	<u>R 38 million</u>
Budgeted Revenue	<u>R579 million</u>

Rates Tariffs and other Charges

Property Rates

Property rates is the only tax available to Local Authorities and the revenue is not dependant on a metered service. There is no direct relationship between the services rendered to individual ratepayers and the tax levied. Property rates is based on the valuation of the property and the tariff is calculated as a cent in every rand of the valuation of the property.

The proceeds from property rates must cover the shortfall in the provision of general service. It is also seen as the most important source of general revenue for Municipalities, especially in developed areas. The revenue generated from property rates is used to fund services like maintaining streets, roads, sidewalks, lighting, storm water drainage, parks, cemeteries and the operating of clinics.

An increase in the assessment rates tariff on the previous year is proposed to ensure that revenue to the amount of R31 million is levied.

Water Service

This service is classified as a trade service therefore provision must be made for a surplus.

The water tariffs for other consumers are increased on an annual basis and it is therefore proposed that the water tariffs for the 2009/2010 financial year also be increased. The increase is required as a result of the projected increase in operating costs which includes staff cost and provision for bad debt. Increases are also required for backlogs in maintaining Councils assets resulting from financial constraints of the past financial year.

It should also be mentioned that this service has been transferred to Mopani District Municipality and this budget and tariff structure will be submitted to them after approval by Council.

A total income of R62 million is expected from water sales which includes the proposed increase on the previous year tariffs as well as a grant of R43 million. The budgeted income from water sales is based on the assumption that normal seasonal rainfall patterns and temperatures will prevail.

Council has also adopted an indigent policy whereby Council acknowledges that a certain group of our consumers cannot afford

our services and therefore a tariff relief will have to be forwarded to the consumers.

The indigent receives a fixed account of R30-00 for all services provided that not more than 12kl water is consumed. This fixed amount is in place since the 2004 financial year.

Electricity Service

This service is also classified as a trade service and the same principles are applicable as above.

The budgeted income for this service amounts to R241 million which includes the proposed increase.

The free basic electricity for households is increased to 100 kVA per month for the 2009/2010 financial year. It is also applicable in Nkowankowa and Lenyenye which falls within the area of jurisdiction of Greater Tzaneen Municipality, but who are serviced by Eskom who are the License holder. The reimbursing of Eskom in this regard has been budgeted for.

Refuse Removal Service

According to the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) a Municipality must ensure a safe and, healthy environment for its residents. Greater Tzaneen Municipality is therefore responsible to adequately maintain its refuse removal service. We must also maintain our refuse sites and solid waste disposal.

The tariff structure of refuse removal is cost based seeing that this service is an economic service and is increased on an annual basis.

It is recommended that the tariff be increased by 5.4% on the 2008/2009 tariffs with effect from 1 July 2009.

Sewerage Service

This service is also classified as an economic service and the same principles are applicable as with the refuse removal. An increase of 9,3% on the previous tariffs is proposed, but seeing that this service has been transferred to Mopani District Municipality the budget and tariffs will be submitted to them for consideration and approval.

Savings and Efficiencies

To ensure value for money and efficient utilization of resources, performance indicators have been set for all Section 57 managers as well as all HOD's. In-year reports (monthly and quarterly) as well as annual reporting are done on functional service delivery against information contained in the approved SDBIP.

Performance plans and productivity measures exist for each manager and it is expected of top management (all managers) to manage their respective votes/departments.

Investments

Adequate provision has been made by way of external investments to ensure that cash is available on the maturity date of external sinking fund loans. Investment income on the other hand is utilized to fund the operational budget.

Details of the investments of Greater Tzaneen Municipality are disclosed under "investment of funds" (page 125) of this report.

The multi-year investment information are as follows:

Investment Type	30 June 08	30 June 09	30 June 2010	30 June 2011	30 June 2012
Long Term deposit	R21 658 065	R24 358 065	R26 008 065	R27 740 565	R29 559 690

Grant Allocation

The grant allocation as published in the Division of Revenue Act are summarized as follows:

<u>Allocation</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>
Equitable Share	R68 130 000	R87 601 000	R121 187 000
Infrastructure Grant	R19 611 000	R28 004 000	R 34 711 000
Financial Management Grant	R 500 000	R 500 000	R 750 000
INEP (Elect)	R 3 119 000	R 1 601 000	R 20 829 000
Mun. Systems Imp. Grant	-	R 400 000	R 400 000
Neighbourhood Dev Grant	R -	R -	R 5 000 000

Council must also take note that an Integrated National Electrification Programme: Indirect grant of R13.4 million for 2009/2010 has been allocated to Greater Tzaneen Municipality. This is however an indirect Grant which means that the money will not be transferred to Council but that projects to the value of R13.4 million will be executed in our area of jurisdiction.

According to the introduction of the Municipal Infrastructure Grant (MIG) the grant has been divided as follows for the National Budget year:

MIG Projects Amount (Actual)

2009/2010 MIG BUDGET R34 711 000

PROJECT NAME	AMOUNT
Hweetji access road Phase 2	R4 550 000.00
Rural Waste Removal	R12 163 643.67
Pharare access road	R2 442 001.00
Gabaza access road	R2 779 584.00
Makhefora access road	R3 037 200.00
Ramotshinyadi Internal Street Phase 1	R4 846 565.00
PMU - Management	R1 735 550 .00
Marironi Access road Phase 2	R3 156 456.33

2010/2011 MIG BUDGET R40 808 000.00

PROJECT NAME	AMOUNT
Rural Waste Removal phase 4	R26 273 412.50
Ramotshinyadi Internal str Phase 2	R10 122 987.50
Sasekani access road	R2 371 200.00
PMU Management	R2 040 400.00

2010/2011 MIG BUDGET R35 034 000.00 (Estimated)

PROJECT NAME	AMOUNT
Ramotshinyadi Phae 3	R10 122 987.50
Sasekani Access Road	R 2 371 200.00
Projects to be registered	R20 788 112.50
PMU Management	R 1 751 700.00

Grant funding multi-year allocations according to the Division of Revenue Act are summarized as follows:

GRANT	2008/2009	2009/2010	2010/2011	2011/2012
MSIG	400 000	400 000	750 000	790
MIG	28 004 000	34 711 000	40 808 000	35 034 000
INEG	1 601 000	20 829 000	3 228 000	10 000 000
EQUITABLE SHARE	87 601 000	121 187 000	150 776 000	164 719 000
FMG	500 000	750 000	1 000 000	1 250

Borrowing

NEW BORROWING	2006/07	2007/08	2008/09	2009/10	2010/11
Long Term Borrowing	R7,048,600	R15,000,000	R12 000 000	R15 000 000	R75 000 000

The actual cash received during the 2009/2010 financial year will determine if money will be available to finance projects from own sources during the 2009/2010 financial year and if a loan will have to be taken up.

5.6 Disclosure on Allocations made by the Municipality

The allocations made by Council during the first six months of the 2007/2008 financial year can be summarized as follows:

Museum	R 16 663
Eskom EBSST	R1 027 556
Mayor Special Account	R 50 840
SETA	R 17 449
SPCA	R 18 885
Mayors Bursary Account	R 5 000
Housing Project	R 64 200

5.7 Disclosure on Salaries, Allowances and Benefits

SENIOR OFFICIALS OF GTM	Salary	Incentive	Leave Pay	Bonus	Total Package
Municipal Manager	988 244	62 255	119 977	73 203	1 243 679
Chief Financial Officer	727 417	62 255	88 365	53 883	931 920
Corporate Services Manager	727 417	62 255	88 287	53 883	931 842
Community Services Manager	727 417	62 255	88 215	53 883	931 770
Civil Engineering Manager	727 417	62 255	88 147	53 883	931 702
Electrical Engineering Manager	768 214	49 310	93 102	56 905	967 531
Planning & Economic Dev. Manager	727 417	50 835	88 189	53 883	920 324
TOTAL	5 393 543	411 420	654 283	399 523	6 858 768

Budget for Council allowances are as follows:

Item	Line Item	2009 2010 BUDGET2	2010 2011 Budget	2011 2012 Budget
058REM	1051ALLOWANCE - MAYOR	454,424	477,145	501,002
	1052ALLOWANCE - FULL TIME COUNCILLORS	2,067,626	2,171,007	2,279,558
	1053ALLOWANCE - EXECUTIVE COMMITTEE	937,249	984,111	1,033,317
	1054ALLOWANCE - OTHER COUNCILLORS	7,361,559	7,729,637	8,116,119
	1057COUNCILLORS ALLOWANCE - TRAVEL	4,394,668	4,614,401	4,845,121
	1070CONTRIBUTION - COUNCILLORS - OTHER	164,903	173,148	181,806
058REMUNERATIONS OF COUNCILLORS Total		15,380,429	16,149,450	16,956,923

The salary budget for the Greater Tzaneen Municipal Officials can be summarized as follows:

Item	Line Item	2008 2009	2009 2010 BUDGET	2010 2011 Budget	2011 2012 Budget
051	1001SALARIES & WAGES - BASIC SCALE	74,765,774	77,905,942	81,801,239	85,891,301
	1002SALARIES & WAGES - OVERTIME	6,071,025	10,008,205	10,508,615	11,034,046
	1003SALARIES & WAGES - PENSIONABLE ALLOWANCE	8,458,004	9,383,333	9,852,500	10,345,125
	1004SALARIES & WAGES - ANNUAL BONUS	4,201,463	6,220,884	6,531,928	6,858,525
	1005SALARIES & WAGES - STANDBY ALLOWANCE	583,778	895,921	940,717	987,753
	1010SALARIES & WAGES - LEAVE PAYMENTS	6,542,240	7,448,077	7,820,481	8,211,505
	1012HOUSING ALLOWANCE	698,850	1,030,323	1,081,839	1,135,931
	1013TRAVEL ALLOWANCE	4,796,572	5,314,839	5,349,745	5,617,232
	1014RELOCATION ALLOWANCE	0	0	0	0
	1015MEDICAL EXAMINATION	20,000	20,000	21,000	22,050
	1016PERFORMANCE INCENTIVE SCHEMES	1,941,333	1,867,560	1,960,938	2,058,985
051EMPLOYEE RELATED COSTS - WAGES & SALARIES Total		108,079,039	120,095,084	125,869,002	132,162,452
Grand Total		108,079,039	120,095,084	125,869,002	132,162,452

Item	Line Item	original 2008 2009	2009 2010 BUDGET2	2010 2011 Budget	2011 2012 Budget
053EMP	1021CONTRIBUTION - MEDICAL AID SCHEME	6,825,870	3,923,697	4,119,882	4,325,876
	1022CONTRIBUTION - PENSION SCHEMES	12,745,655	14,165,726	14,874,012	15,617,713
	1023CONTRIBUTION - UIF	671,808	673,509	707,184	742,544
	1024CONTRIBUTION - GROUP INSURANCE	930,135	1,073,928	1,127,624	1,184,006
	1027CONTRIBUTION - WORKERS COMPENSATION	603,213	649,929	682,425	716,547
	1028LEVIES - SETA	821,299	928,605	975,035	1,023,787
	1029LEVIES - BARGAINING COUNCIL	28,644	28,326	29,742	31,229
053EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTION		22,626,624	21,443,720	22,515,906	23,641,701
Grand Total		22,626,624	21,443,720	22,515,906	23,641,701

5.8 Monthly Cash Flow by Source

The monthly cash flow is attached hereto as **Annexure” F“**.

5.9 Measurable Performance Objectives

The table below highlights the measurable performance of objectives of Greater Tzaneen Municipality.

Greater Tzaneen Municipality				
Draft Strategic Objectives and KPIs per Theme				
Theme	Strategic Objective	KPI	Status	Target
Economic Growth	Create community beneficiation and empowerment opportunities through networking for increased employment and poverty	% Reduction in unemployment	tbd	tbd
		# of Permanent jobs created through municipal LED initiatives	tbd	tbd
		% of Municipal budget spent on promoting SMMEs	tbd	tbd
	Create a stable economic environment by attracting suitable investors	% Increase in municipal economic growth rate	tbd	tbd
		# of New businesses established through incentive strategy	tbd	tbd
	Address community needs through developmental spatial and integrated planning	% Informal settlements upgraded	tbd	tbd
		% Compliance to IDP/PMS and budget process plan		tbd
	Develop a high performance culture for a changed, diverse, efficient and effective local government	Average % scorecard rating of Managers	tbd	tbd
		# of Organisational Development initiatives	tbd	tbd
Infrastructure Development	Improve access to sustainable quality and affordable services	% Backlog per type of service	tbd	tbd
		R-value additional funding sourced for	tbd	tbd

		expanding service delivery		
		% of Households earning less than R1600 per month with access to basic services	tbd	tbd
		% Households with access to electricity	tbd	tbd
		% Households with access to RDP standard water	tbd	tbd
		% Households with access to RDP standard sanitation	tbd	tbd
		% Households with access to waste removal services	tbd	tbd
	Promote environmentally sound practices and social development	% Decrease in new HIV/AIDS infections	tbd	tbd
		% Compliance to environmental legislation	tbd	tbd
		Number of lives lost due to disasters	tbd	tbd
		% of Budget spent on Sport, arts and culture	tbd	tbd
		% of population that is illiterate	tbd	tbd
	Optimise infrastructure investment and services	% Cost recovery on municipal services	tbd	tbd
	Maintain and upgrade municipal assets	% GAMAP compliance	tbd	tbd
		% of Total budget spent on repairs and maintenance	tbd	tbd
Good Governance and Administration	Develop effective and sustainable stakeholder relations	Customer satisfaction rating (%)	tbd	tbd
	Increase financial viability through increased revenue and efficient budget management	% compliance to financial viability index as stipulated by the Regulations	tbd	tbd
		% Annual increase in actual revenue generated	tbd	tbd

		% increase of revenue needed to address back log of services to meet national targets	tbd	tbd
		% donor/grant dependency (% revenue from grants / total revenue)	tbd	tbd
		% Reduction in municipal debt	tbd	tbd
	Develop and improve systems, processes, procedures and policies by practicing sound governance	% Fully functional ward committees	tbd	tbd
		% of Reported cases of corruption, prosecuted	tbd	tbd
		% Compliance to internal audit programme	tbd	tbd
		# of Municipal By-laws adopted		
	Develop and build a skilled and knowledgeable workforce	% of Municipal budget spent on implementing Workplace Skills Plan	tbd	tbd
		% Compliance to Work Place skills plan	tbd	tbd
	Develop and retain the best human capital to become employer of choice	% Employee satisfaction rating	tbd	tbd
		% Decrease in the # of working hours per employee lost due to absenteeism	tbd	tbd
		# of Industrial actions	tbd	tbd
		% Compliance to employment equity plan	tbd	tbd
		% Staff turnover	tbd	tbd
	tbd - Status and targets for KPIs still needs to be determined/ confirmed			

5.10 Disclosure on Implementation of MFMA and other Legislation

The promulgation of the MFMA had a huge effect on the Local Government operations, particularly in financial management reforms. Council also needs to know that Greater Tzaneen Municipality has successfully implemented the MFMA and that the following activities are fully compliant with the MFMA requirements.

» Medium Term Budget

The budget MTEFW is 100% compliant with the MFMA requirements.

» Financial Reporting

100% Complaints of monthly and quarterly reporting to National Treasury.

» Annual Financial Statements

100% Complaints of annual financial statements to Auditor General, Provincial Treasury, National Treasury and the MEC.

» Internship Programme

Greater Tzaneen Municipality is participating in the Municipal Finance Management Internship programme and has currently 3 interns in its employment. Three interns have taken up permanent employment as HOD Financial Services at Bela-Bela Municipality, Accountant at Lydenburg and Accountant at Greater Tzaneen Municipality.

5.11 Summary of the Budget and the SDBIP – Departmental/Functional

The MFMA requires Municipalities to prepare a service delivery and budget implementation plan as a strategic financial management tool to ensure that budgetary decisions that are adopted by Municipalities are aligned with the IDP strategy.

The SDBIP serves to provide an implementation plan that covers all functional areas of the Municipality and focuses on actual implementation and delivery with mechanisms for regular review.

The primary objective of the SDBIP is to strengthen local accountability and governance and improve capital, as well as operational, planning, spending and service delivery. The SDBIP is an integral part of the financial planning process, and even though its approval occurs after the medium term budget, its preparation has occurred in tandem with the budget.

To avoid issues related to budgets being under spent and not achieving the programme's desired outcomes, quarterly projections of service delivery targets and performance indicators are also determined.

The service delivery targets and performance indicators are monitored and reported to Council quarterly on whether the desired outcomes are achieved.

5.12 SUMMARY OF BUDGET AND SDBIP – ENTITIES

Greater Tzaneen Municipality do not have an entity.

5.13 Summary of Detailed Capital Budget

Capital expenditure relates to the investment in major initiatives, the benefit of which are going to last for more than one financial year.

Although the benefits derived from capital projects will last for more than one year, Council must take cognizance that capital expenditure has ongoing financial implications on the operational budget. If a vehicle testing station is built it has ongoing financial implications with regard to staffing, furniture, municipal services (water and lights) interest on external loans and depreciation etc.. Not only must funds be made available on the capital budget but sufficient funds must also be provided on the operational budget to sustain the operations into the future.

Section 19(2) of the MFMA determines that:

“(2)Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider:-

- (a) the projected cost covering all financial years until the project is operational; and***
- (b) the future operational costs and revenue on the project, including municipal tax and tariff implication.”***

Council must also take cognizance that the budget which includes the capital projects is informed by the IDP. The projects on the IDP are firstly subjected to a prioritization system and subject to the availability of funds, before they are included in the capital budget.

Section 19 of the MFMA determines that a Municipality may spent money on a capital project only if the money for the project has been appropriated in the capital budget. It also determines that the total cost of the project must be approved by Council and that the sources of funding for the project are available and have not been committed for other purposes.

Due to the fact that no capital project was implemented during the 2007/2008 financial year, it was resolved that the 2007/2008 capital budget be transferred to the 2008/2009 financial year.

Council's attention is also drawn to a resolution taken in 2002 in which Council approved a 10 and 5 year program to rehabilitate the electricity distribution system, since the implementation of the program the budget allocation to this maintenance program has never equaled the estimated required annual budget, hence the ongoing decline of the system and serious power outages experienced during November 2006 and December 2006 which resulted in major financial losses to the businesses and the local economy. The power outages is a matter of concern and a concerted effort and commitment will have to be made to address the challenges related to our ageing distribution system.

A further concern that Council needs to note is the fact that the system integrity is steadily becoming unsafe with regard to the safety of personnel and the public. Power lines that fall over may result in electrically live conductors being within easy reach of persons and animals.

Council resolved on 27 February 2007 that R10 million be made available to be utilized by the Electrical Department for the ongoing rebuilding and upgrading of the electrical distribution system and related equipment to address the functional and safety integrity of Councils distribution system.

The detail capital budget is summarized as follows:

PRIORITIZED PROJECTS 2009/10 IDP

Rural Projects 2009/10 IDP									
Project No	Project Name	Project Output	Dept	Start date	End date	Capex	Location	Ward	Sources of Funding
						2009/2010			
ESD	Water Meters	Increase Revenue	ESD	01/07/2009	30/06/2010	R 1,000,000.00	Dan and Mariveni	20, 23	Own source
ESD	Rural Projects		ESD	01/07/2009	30/06/2010	R 11,900,000.00	All ward	All wards	Own source
ESD	Mafarana to Sedan road	Improved roads	ESD	01/07/2009	30/06/2010	R 10,000,000.00	Mafarana , Sedan	20, 25	Loan
ESD	Lephephane, Khopo, Khujwana road	Improved roads	ESD	01/07/2009	30/06/2010	R 10,000,000.00	Lephephane, Khopo and Khujwana	18, 34	Loan
ESD	Morapalala road	Improved roads	ESD	01/07/2009	30/06/2010	R 7,000,000.00	Morapalala	1	Loan
ESD	Moruji, Thapane Road	Improved roads	ESD	01/07/2009	30/06/2010	R 7,000,000.00	Moruji, Thapane	7	Loan
ESD	Humps in Mokgapene, Mariveni, Nkambako, Bolobedu South and Nwamitwa	Road safety	ESD	01/07/2009	30/06/2010	R 1,000,000.00	Mokgapene, Mariveni, Nkambako, Bolobedu South and Nwamitwa		Own Source
CFO	IT Upgrade		CFO	01/07/2009	30/06/2010	R 1,000,000.00	Civic Centre, MPCC's	All wards	Loan
MM	Disaster Housing	Provide housing in case of a disaster	MM	01/07/2009	30/06/2010	R 100,000	All wards	All wards	Own Source
EED	Rural Electrification	Delivery of a basic services to ensure access to households electricity	EED	01/07/2009	30/06/2010	R 5, 000, 000.00			Own Source
EED	Rita turn-off Maake Street lighting	Safety for our communities	EED	01/07/2009	30/06/2010	R 333, 333.00	Rita	30	Own Source

	Nkambako four-way stop Street Lighting	Safety for our communities	EED	01/07/2009	30/06/2010	R 333, 333.00	Nkambako	5	Own Source
EED	Moruji, Relela Taxi Rank Street Lighting	Safety for our communities	EED	01/07/2009	30/06/2010	R 333, 333.00	Moruji and Relela	7, 8	Own Source
EED	Mokwati Cross Street lighting	Safety for our communities	EED	01/07/2009	30/06/2010	R 333, 333.00	Mokwati	2	Own Source
EED	Mafarana Taxi Rank Street lighting	Safety for our communities	EED	01/07/2009	30/06/2010	R 333, 333.00	Mafarana	22	Own Source
EED	Nwamitwa Taxi Rank Street lighting	Safety for our communities	EED	01/07/2009	30/06/2010	R 333, 335.00	Nwamitwa	12	Own source
EED	Refurbish Electricity distribution area	Improve the network to for effective distribution	EED	01/07/2009	30/06/2010	R 10, 000, 000.0	Tzaneen	15	Loan
Electrical Department Capital Projects 2009/10 IDP									
CAPACITY PROJECTS									
Project No	Project Name	Project Output	Dept	Start date	End date	Capex	Location	Ward	Sources of Funding
						2009/2010			
EED	Purchase transformer (1x20Mva 66/11kv Design Line and Sub, EIA, Purchase Land		EED	01/07/2009	30/06/2010	R 30,000,000.00			Loan

External Loans

Section 18 of the MFMA determines inter alia that a Municipality may make use of borrowed funds, but only to finance capital expenditure.

External borrowing therefore represents capital funds. It must however be emphasized that although external borrowing represents capital funds it has a negative effect on the operational budget in the form of interest and depreciation. The result of this is less funds available for maintenance and general administration cost.

The current outstanding external loans of Greater Tzaneen Municipality amounts to R56,1 million.

The need for capital projects has however increased to such an extent that a loan will have to be taken up to accommodate the cost of the projects.

Should Council approve a loan of R75 million for rural projects and to upgrade inter alia the electricity distribution system it will have the following financial implication on the operational budget.

LOAN	INTEREST	DEPRECIATION	TOTAL
R75 000 000	R3 750 000	R4 250 000	R8 000 000

These costs are based on a 15 year loan at a interest rate of 6%.

The capital cost, interest and depreciation, have been included in the operational budget. The 6% interest is based on the interest received from DBSA should the loan be taken up for electricity projects etc..

5.14 BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements are attach hereto as Annexure "I"

DEPARTMENTAL COMMENTS

**COMMENTS FROM THE CORPORATE SERVICES MANAGER
(E.S. MAAKE)**

**COMMENTS FROM THE COMMUNITY SERVICES MANAGER
(V. MAAKE)**

**COMMENTS FROM THE ACTING ENGINEERING SERVICES
MANAGER (L. MAHAI)**

**COMMENTS FROM THE PLANNING AND ECONOMIC
DEVELOPMENT MANAGER (F.T. MASHIANOKE)**

**COMMENTS OF THE ELECTRICAL ENGINEERING MANAGER
(P. VAN DEN HEEVER)**

**COMMENTS FROM THE TRANSPORT, SAFETY, SECURITY
AND LIAISON MANAGER (O.Z. MKHOMBO)**

COMMENTS FROM THE MUNICIPAL MANAGER

Cluster Meeting Outcome

The recommendation of the Chief Financial Officer be supported

RESOLVED TO RECOMMEND

ATTACHMENT